

**FINAL BUDGET  
DOCUMENT  
OF  
THABA CHWEU LOCAL MUNICIPALITY**



**2018- 2021  
FINAL MEDIUM TERM  
REVENUE AND EXPENDITURE  
FRAMEWORK**

## TABLE OF CONTENT

<b>PART 1 – BUDGET.....</b>	
1.1 Mayor s Report.....	5
1.2 Council Resolution.....	6
1.3 Legislative Framework.....	6
1.4 Executive Summary.....	6
1.5 Operating Revenue Framework.....	8
1.6 Operating Expenditure Framework.....	12
1.7 Departmental Revenue & Expenditure Summary.....	14-15
1.8 Capital Expenditure .....	16
1.9 Budget Tables.....	18-31
<b>PART 2 – SUPPORTING DOCUMENTATION.....</b>	<b>32</b>
2.1. Overview of the Budget Process.....	32
2.2. Overview of the alignment of Annual Budget with IDP.....	32
2.3. Measurable performance objectives and indicators.....	34-40
2.4. Overview of Budget Related Policies.....	41-42
2.5. Overview of Budget Assumptions.....	43-44
2.6. Overview of Budget Funding.....	44
2.7. Expenditure on allocations and grants programmes.....	44
2.8. Allocations of grants made by the municipality.....	44
2.9. Councillors and board member allowances and employee benefits.....	44
2.10. Monthly targets for revenue, expenditure and cash flow.....	45-47
2.11. Contracts having future budgetary implications.....	47
2.12. Capital Expenditure details.....	47-50
2.13. Other supporting documentation.....	51

## **ABBREVIATIONS, ACRONYMS AND DEFINITIONS**

**COGTA – Department of Co-operative Governance and Traditional Affairs**

**CPI – Consumer Price Index**

**DORA – Division of Revenue Act**

**EPWP – Expanded Public Works Programmes**

**GDP - Gross Domestic Product**

**GRAP – Generally Recognised Accounting Practices**

**IDP – Integrated Development Plan.**

**INEPG – Integrated National Electrification Program Grant**

**MFMA – Municipal Finance Management Act, 56 of 2003**

**MIG – Municipal Infrastructure Grant**

**MPRA – Municipal Property Rates Act, 06 of 2004**

**MSA – Municipal Systems Act, 32 of 2000**

**MDTG – Municipal Demarcation Transition Grant**

**MTREF – Medium-term Revenue and Expenditure Framework**

**WSIG – Water Services Infrastructure Grant**

**MWIG – Municipal Water Infrastructure Grant**

**NDPG – Neighbourhood Development Program Grant**

**NERSA – National Electricity Regulator of South Africa**

**NT – National Treasury**

**PT – Provincial Treasury**

**PTISG – Public Transport Infrastructure Systems Grant**

**SDBIP – Service Delivery and Budget Implementation Plan**

**The Act – Refers to the Municipal Finance Management Act, 56 of 2003**

**Adjustment Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.**

**Equitable Share – A general grant paid to municipalities.**

**Operational Expenditure – Spending on the day to day expenses of the municipality such as general expenses, salaries and wages, and repairs and maintenance.**

**Rates – Local Government tax based on assessed valuation of a property.**

**Allocations – Money received from Provincial and National Treasury.**

**Budget – The financial plan of the municipality for a specific period.**

**Capital Expenditure – Spending on municipal assets such as property, plant and equipment's. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.**

## 1.1 MAYOR'S FOREWORD

It is an honour to present the IDP and Budget 2018/19 to the community of Thaba Chweu Local Municipality. This year marks a year of Dr. Nelson Mandela and Mrs. Albertina Sizulu in which as Council of Thaba Chweu Local Municipality we have to put efforts and means to ensure that all the commitments we have made to our communities are met in honour of the great Heroes and heroines of our country.

Our municipalities are located at a local sphere of government which is the coalface of service delivery of government. Municipalities should interact with communities on a daily basis being mandated by the constitution of the Republic of South Africa, Act 108 of 1996 in order to create a better life for all and enhance the living conditions of the community and its members. Indeed, it is true that Thaba Chweu Municipality continues to work together with our communities in order to find sustainable and progressive way to fulfil their social, economic and developmental needs.

It is through Integrated Development Plan, which is the most important tool that we use to guide our planning, development and decision making processes in our municipality. All other plans and actions of the municipality are resonant with and secondary to the IDP. In order to achieve the vision and mission of our municipality, we commit ourselves in engaging our local communities through public participation in finding best solutions to address the long term objectives of the municipality. Our IDP places our institution at the vantage point of future development.

The council was elected in 2016 and has embarked on a process of formulating and reviewing its five year integrated development plan (IDP) 2016 -2021 on annual basis. The IDP implementation has encountered numerous challenges in which funding was at the centre from the beginning, this gave the municipality a tough challenge in executing its IDP mandate this was clearly visible in areas like Sabie, Lydenburg, Graskop and most of the rural and farm areas.

However it is also important to note that our Eskom debt has had negative impact on balancing the budget to service Eskom account and funding the IDP projects.

In terms of financial efficiency we have focused on establishing cost effective measures to reduce our spending during these trying times whilst ensuring that what we spend is on key priority basic services in order to improve the state of our local economy for an improved socio-economic levels. Working with business and other government institutions we will make an impact, I am confident that we will be able to accelerate service delivery, and ensure that we create a today that is better than yesterday and a tomorrow that is better than today.



**Cllr S Mashigo-Sekgobela**

**Executive Mayor**

## 1.2 COUNCIL RESOLUTIONS

On 30 May 2018, under item A 32/2018 the council of Thaba Chweu Local Municipality met at the council chambers to consider the 2018/2019 – 2020/2021 annual budget and medium-term revenue and expenditure framework report tabled by the executive Mayor and resolved that;

(a) Council take cognizance of the contents of the report;

(b) The annual budget and medium term revenue and expenditure framework (MTREF) consisting of an operating and capital budget for 2018/2019 – 2020/2021 financial years, as reflected in the below be adopted;

### 1.3 Legislative Framework

In terms of Chapter 4 Municipal Budgets, section 16 of the Municipal Finance Management Act No. 56 of 2003,

(1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Section 18(1) (a) states that an annual budget may only be funded from realistically anticipated revenues to be collected and,

Section 23 (1) states that when the annual budget has been tabled, the municipal council must consider views of-

(a) the local community,

(b) the national treasury, the provincial treasury and any provincial or national organ of state or municipalities which made submissions on the budget.

It is of the out most importance that TCLM council consider the annual budget for the purposes of public consultations.

### 1.4 Executive Summary

The key service delivery priorities, as reflected in the IDP, informed the development of the Budget, including the need to maintain the Municipality's financial sustainability.

Revenue collection strategies are required to improve the collection of outstanding consumer debt are being implemented by the Municipality, such as the debt relief programme and securing external capacity to deal with revenue enhancement and the improvement of debt recovery. The municipality appointed a service provider in order to deal with Electricity Cut-off in respect to enhance the municipal revenue and it is hoped that there will be positive results thereof.

Cost containment measures are also being implemented considering the Strategic Planning Resolutions to curb costs and to improve operational efficiency.

All National Treasury's MFMA Circulars were used to guide the compilation of the 2018/19 -2020/21 MTREF, including the latest MFMA Budget Circulars, as well the plans and recommendations of the political leadership.

The Municipality faced the following significant challenges during the compilation of the 2018/19 MTREF:

- Budgeting for a surplus (i.e. Total Revenue not exceeding Total Expenditure) on the Operating Budget;
- Fully implementing cost containment measures and eliminating non-core expenditure items;
- Maintaining revenue collection rates at acceptable levels and even more;
- Ensuring that electricity and water losses are maintained at an acceptable levels;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases;
- Allocation of the required budget provision for the rehabilitation and maintenance of existing infrastructure;
- Allocation of the required operating budget provision for staffing requirements, including the existing staff and planned appointments for 2018/19;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources such as purchases of the Yellow Fleet and Refurbishment of internal street of Lydenburg, Graskop and Sabie;
- Maintaining an acceptable cost coverage ratio;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the municipality's declining cash position into account;

In preparing the Medium Term Revenue and Expenditure Framework 2018/19-2020/21, Thaba Chweu Municipality considered a number of factors that not only affect the Thaba Chweu Community but the entire country and world economy.

The South African economy grew by 1,3% in 2017, exceeding National Treasury's expectation of 1,0% growth announced during the National Budget Speech in February. The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 percent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

#### **MACROECONOMIC PERFORMANCE AND PROJECTIONS, 2018 - 2021**

<b>Fiscal year</b>	<b>2017/18 Estimate</b>	<b>2018/19 Forecast</b>	<b>2019/20 Forecast</b>	<b>2020/21 Forecast</b>
<b>Consumer Price Inflation</b>	5.3%	5.3%	5.4%	5.5%
<b>Real GDP Growth</b>	1.0%	1.5%	1.8%	2.1%

Considering the current performance of the Economic drivers in the Country, Thaba Chweu Local Municipality has analyse the opportunities in Tourism, Mining and Agricultural Sectors as elementary resources to inflate the economy within the surrounding of Thaba Chweu Local Municipality by providing better services to the communities.

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/9 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address backlogs;

The following table is an overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

**Table1 Summary Statement of Financial Performance  
forecast**

Description	Adjustment Budget 2017/18	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	R'000	R'000	R'000	R'000
Total Revenue ( Incl Capital Transfers)	671,552,037	699,330,390	820,032,094	907,057,953
Total Expenditure (Including CAPEX)	682,517,627	698,205,387	738,158,916	770,098,609
<b>Surplus/(Deficit) for the year</b>	<b>(10,965,590)</b>	<b>1,125,003</b>	<b>81,873,178</b>	<b>136,959,344</b>

Total operating revenue increased by 3.5% from the Revised/Adjustment Budget of 2017/18 financial year in comparison to the estimates of 2018/19 Budget year. For the two outer years, operational revenue will increase by 10 and 5 per cent respectively.

Total Operating and Capital expenditure for the 2018/19 financial year has been appropriated at R 698,2 million and translates into a budgeted Surplus of R 1.1 million,. When compared to the 2017/18 Adjustments Budget, operational expenditure has grown by 5.7 per cent in the 2018/19 budget which indicate a massive Increase in certain portion of the expenditure components such as Employee Related Costs, and Electricity Bulk Purchases for the 2018/19 -2020/21 MTREF.

The capital budget of R112.1 million for 2018/19 shows a decrease of 5% when compared to the 2017/18 Adjustment Budget. The capital programme will further decreases to R82.5 million in the 2019/20 financial year and then evens out in 2020/21 to R75.6 million, this massive decrease is experienced from the decline of allocation by National Treasury as indicated in MFMA Circular 91 and the Division of Revenue Bill gazetted in 07<sup>th</sup> of February 2018.

A substantial portion of the capital budget will be funded from the allocation of the conditional grants over MTREF in addition the balance will be funded from internally generated funds.

### 1.3 Operating and Capital Revenue Framework

In view of the aforementioned summary, it is important also to enlighten the Council and Management that the 2018/19 Budget was compiled in compliance with the Municipal Standard Charts of Accounts (mSCOA) 6.2 version. Item description and formats of tables will look differently from the customary formats.

It is important to familiarise ourselves with the mSCOA reporting templates, as we anticipate to be fully compliant in 2018/19 Financial Year.

**Table 2: Summary of revenue classified by main revenue source**

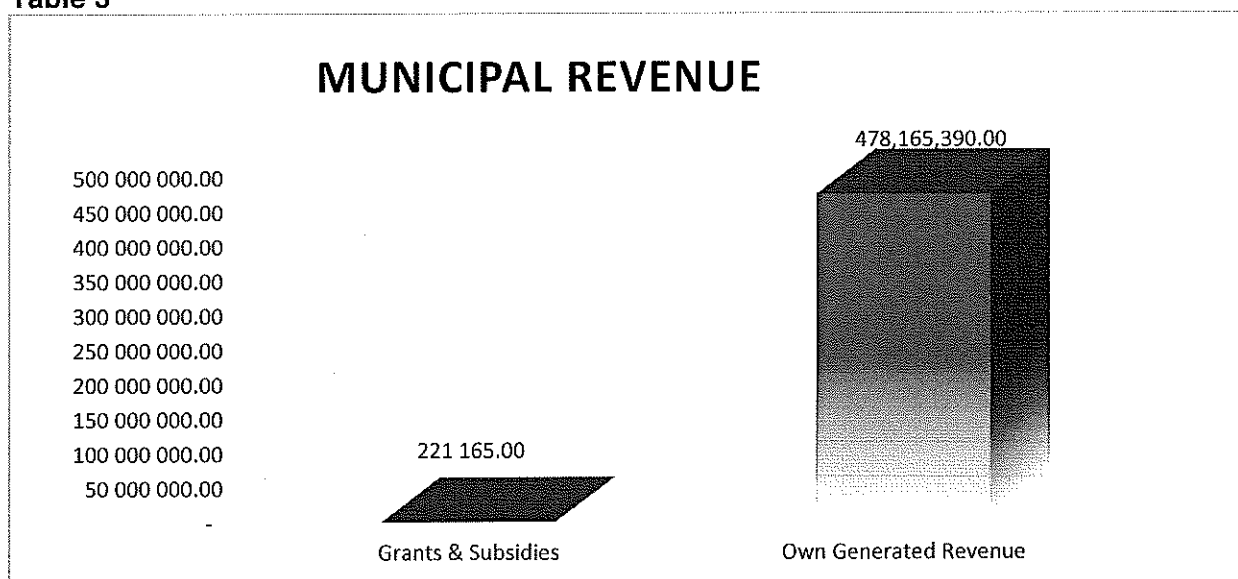
Item Description	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Revenue	(699,330,390.00)	(820,032,093.74)	(907,057,952.92)
Discontinued Operations	-	-	-
Exchange Revenue	(340,844,541.00)	(453,580,875.66)	(528,354,123.11)



Agency Services	-	-	-
Interest, Dividend and Sale on Land	(67,986,428.00)	(173,317,510.66)	(197,927,872.11)
Operational Revenue	(271,237.00)	(284,799.00)	(301,887.00)
Rental from Fixed Assets	(1,717,715.00)	(1,803,601.00)	(1,911,816.00)
Sales of Goods and Rendering of Services	(1,048,944.00)	(2,252,813.00)	(1,715,875.00)
Service Charges	(269,820,217.00)	(276,472,152.00)	(327,176,673.00)
Intercompany/Parent-subsidiary Transactions	-	-	-
Licences or Permits	-	-	-
<b>Non-exchange Revenue</b>	<b>(358,485,849.00)</b>	<b>(366,451,218.08)</b>	<b>(378,703,829.81)</b>
Fines, Penalties and Forfeits	(1,769,541.00)	(1,858,017.00)	(1,969,499.00)
Licences or Permits	-	-	-
Property Rates	(135,551,308.00)	(144,280,201.08)	(146,980,330.81)
Surcharges and Taxes	-	-	-
Transfers and Subsidies	(221,165,000.00)	(220,313,000.00)	(229,754,000.00)
Interest, Dividend and Rent on Land	-	-	-
Default	-	-	-

The graph below indicates the capability and potential of the Municipality to generate its own income. Total own generated revenue total to R 478.1 million for 2018/19 financial year against the total Budget of R 695, 2 million.

**Table 3**



The 2018/19 -2020/21 Medium Term Revenue and Expenditure Framework (Budget) Revenue is expected to increase by 3.4% in 2018/19 from the 2017/18 revised budget. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult decisions have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

**Service Charges consist of the following**

1. Electricity	R 190 933 157
2. Refuse	R 18 411 228
3. Water	R 42 064 604
4. Sewerage	R 18 411 228

**TOTAL R 269 820 217**

*The municipality's revenue strategy is built around the following key components:*

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure at least 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);

Table below indicate the contributing factors to revenue increment in terms tariff structure-

**Table 4: Proposed tariffs**

TARIFF DESCRIPTION	2017/18	2018/17	AVERAGE % INCREASE
Electricity	R'0.00		6.84%
Energy rate (c/kwh) 0-50kwh	R 0.85	R 0.91	6.84%
Energy rate (c/kwh) 51-350kwh	R 1.10	R 1.17	6.84%
Energy rate (c/kwh) 351-600kwh	R 1.54	R 1.65	6.84%
Energy rate (c/kwh) >600kwh	R 1.82	R 1.94	6.84%
Water	R9.56	R10.23	7%
Refuse	R99.13	R 106.06	7%
Sewerage	R99.13	R106.06	7%

Assessment Rate	R0.01227	R0.01227	0%
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The table above has reflected domestic tariffs only; the entire tariff listing will be made available for public notes.

**Property rate still in 2018/19 will not be increased;** increment on the budget is calculated on basis that Municipal Investment Property which was still under Council ownership will be transferred to the rightful owner prior the new financial year. The focus on non-increment of property rates remains to ensure that people of Thaba Chweu Local Municipality continued to receive an affordable rate during this tenure of economic difficulties.

In terms of the price determination for Eskom's tariffs, **(NERSA)** National Energy Regulator of South Africa has approved a tariff increase of 6.84 per cent for the 2018/19 financial year. The municipality made submission to NERSA regarding increase the electricity tariffs therefore we are still waiting from approval adjustment will be done after the approval is granted.

Proposed water, sewer and refuse tariffs will increased by 7% for 2018/19 approved tariffs were increased by 7 per cent which was little above the inflation rate, Council believes that the proposed rate hikes will not be a huge burden to the community, business and all other stakeholders.

**Table 5: grants and subsidies to be transferred to Thaba Chweu Local Municipality in 2018/19**

Description	Revised Budget 2017/18	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
<b>CAPITAL GRANTS</b>				
MIG	R 48 179 000	R 55 457 000	R 47 382 000	R 49 940 000
WSIG	R 45 000 000	R 15 000 000	R 15 000 000	R 15 000 000
INEG	R 13 000 000	R 4 935 000	R 12 800 000	R 4 480 000
EEDG	R 5 000 000	-	-	-
RFMIG	-	R 9 000 000	-	-
<b>Total Capital Grants</b>	<b>R 111 179 000</b>	<b>R 84,392,000</b>	<b>R 75 182 000</b>	<b>R 69 420 000</b>
<b>OPERATIONAL GRANTS</b>				
Equitable Share	R 124 393 000	R 132 627 000	R 142 451 000	R 157 222 000

FMG	R 2 145 000	R 2 215 000	R 2 680 000	R 3 112 000
EPWP	R 1 909 000	R 1 931 000	R 1 931 000	R 1 931 000
<b>Total Operational Grants</b>	<b>R 128 447 000</b>	<b>R 136 773 000</b>	<b>R 147 062 000</b>	<b>R 162 265 000</b>
<b>TOTAL ALLOCATION</b>	<b>R 239 626 000</b>	<b>R 221 165 000</b>	<b>R 222 244 000</b>	<b>R 231 685 000</b>

A total of **R 221.1 million** will be transferred to Thaba Chweu Municipality in the 2018/19 financial year by the National government in the form of Capital and Operational Grants and Subsidies. This is an overall decrease of **R 18.4 million** from the 2017/18 allocation. Hence the equitable share will increase by 6.34 per cent and Municipal Infrastructure Grant by 13.1 per cent. The Municipality is gazetted to receive R15 Million in the (WSIG) Water Services Infrastructure Grant which reflects a **major decrease** of over **R30 million** and **INEG decreases** by over **R 8 million**.

It is anticipated that the cost of providing municipal services will grow at a faster rate than the transfers from national government, as we recognise the high rate on own generated revenue.

#### 1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA;
- A balanced budget approach by limiting operating expenditure to the operating revenue;
- The asset renewal strategy and the repairs and maintenance plan;
- Strict adherence to the principle of "no budget allocations without a business plan, procurement plan and cash flow".

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

**Table: 6Summary of operating expenditure by standard classification item**

Item Description	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
<b>Expenditure</b>	<b>586,073,689.29</b>	<b>660,608,666.24</b>	<b>693,417,518.87</b>
Bad Debts Written Off	3,500,000.00	4,000,000.00	4,500,000.00
Bulk Purchases	172,243,340.00	185,809,224.00	195,846,231.00
Contracted Services	78,409,161.00	82,482,257.00	78,161,115.00
Depreciation and Amortization	37,211,000.60	42,317,104.58	44,221,373.80
Employee Related Cost	193,635,745.49	226,812,756.88	244,965,883.25
Interest, Dividends and Rent on Land	10,200,000.00	11,920,000.00	12,400,000.00
Inventory Consumed	7,203,925.00	7,390,208.00	9,033,194.62
Remuneration of Councillors	10,800,955.00	11,088,434.00	12,086,392.00
Operating Leases	3,665,000.00	11,151,500.00	12,977,425.00
Operational Cost	54,972,903.20	61,529,452.00	62,173,772.20

## Transfers and Subsidies

14,231,660.00

16,107,729.00

17,052,132.00

Limits were set for the following items amongst others and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to non-priority expenditures

- Subsistence and travelling allowance
- Furniture and office Equipment
- Refreshments and entertainment
- Fuel
- Advertising and printing

The Municipality encourages business continuity and certain expenditure has to be maintained in line with the inflation rate to enable the institution to continue and provide basic services.

### Employee related costs

The 2018/19 budget provides for annual increments, where applicable, and a general increase of 7%. It is a Council's target to restrict personnel costs to below 35% of total expenditure. Personnel costs in the 2018/19 Budget represent **33.9%** of total operating expenditure.

Furthermore it must be noted that a budget of R 2 million has been appropriated for internal EPWP, which translate that 80 job creation will be effected in the year 2018/19 in order to alleviate poverty and unemployment rate.

### Remuneration of Councillors

The remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in preparing the budget

### Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 85% for 2017/18, 90% for 2018/19 and 96% for 2019/20.

### Depreciation and Asset Impairment

The provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy and the asset register.

### Interest, Dividends and Rent on Land

Consist primarily of the repayment of interest on existing long-term borrowing and Liabilities.

### Bulk Electricity Purchases

NERSA has approved a 6.84% increase in the Eskom bulk tariff for the 2018/19 financial year. Energy consumption levels are influenced by the following:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy; and
- The implementation of energy conservation measures.

## 1.5 Departmental Revenue & Expenditure Summary

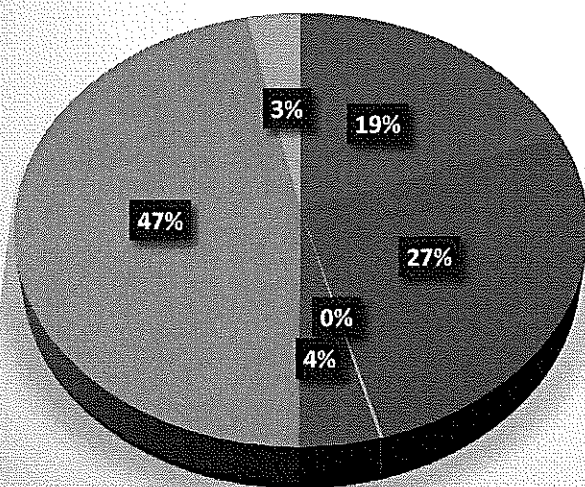
Engagements with departments was conducted and the below are the tables illustrating the departmental income and expenditure based on the submissions made by departmental Heads.

### 1.5.1 Departmental Revenue by Votes

#### THABA CHWEU LOCAL MUNICIPALITY DEPARTMENTAL REVENUE SUMMARIES

MAIN VOTE SUMMARIES		Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
Item Nr	Item Description	Adjusted Budget	Pre-audit outcome	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
0001/1001001	MUNICIPAL MANAGER & COUNCIL	128,709,704.00	104,943,181.58	134,558,000.00	144,382,000.00	159,153,000.00
0002/2001003	CHIEF FINANCIAL OFFICER SUPPORT SERVICES	146,299,417.06	214,348,710.60	183,862,076.00	186,012,866.00	187,078,154.00
0003/3001001	DIRECTOR CORPORATE SERVICES	3,227,117.00	2,534,447.16	1,289,328.00	1,353,795.00	1,435,022.00
0004/4001001	DIRECTOR COMMUNITY SERVICES	22,660,135.54	15,721,243.76	31,326,517.00	20,941,173.00	22,515,012.00
0005/5001001	TECHNICAL & ENGINEERING SERVICES DIRECTOR	370,358,530.00	176,319,030.96	324,026,139.00	294,126,501.00	298,084,707.00
0006/6002001	LOCAL ECONOMIC DEVELOPMENT DIVISION	297,134.00	358,138.42	23,000,000.00	127,000,000.00	150,000,000.00
<b>TOTAL</b>		<b>671,552,037.60</b>	<b>514,224,752.48</b>	<b>699,330,390.00</b>	<b>773,816,335.00</b>	<b>818,265,895.00</b>

#### Budget Year 2018/19



- 0001/1001001 MUNICIPAL MANAGER & COUNCIL
- 0002/2001003 CHIEF FINANCIAL OFFICER SUPPORT SERVICES
- 0003/3001001 DIRECTOR CORPORATE SERVICES
- 0004/4001001 DIRECTOR COMMUNITY SERVICES
- 0005/5001001 TECHNICAL & ENGINEERING SERVICES DIRECTOR
- 0006/6002001 LOCAL ECONOMIC DEVELOPMENT DIVISION

The table and graph above indicate the total revenue by vote, Technical department still remains to be the biggest contributor to the Council revenue due to the allocation of Conditional Grants and Subsidies from National government and Electricity sales, followed by Finance and the Municipal Manager & Council.

As per above graph Corporate Services department contribute 0% to revenue of the Municipality. Corporate Services must initiate to realize revenue from the revenue streams such as Litigations or contingents Assets as per GRAP 19 implies.

## 1.5.2 Departmental Expenditure by Vote

### THABA CHWEU LOCAL MUNICIPALITY DEPARTMENTAL EXPENDITURE SUMMARIES

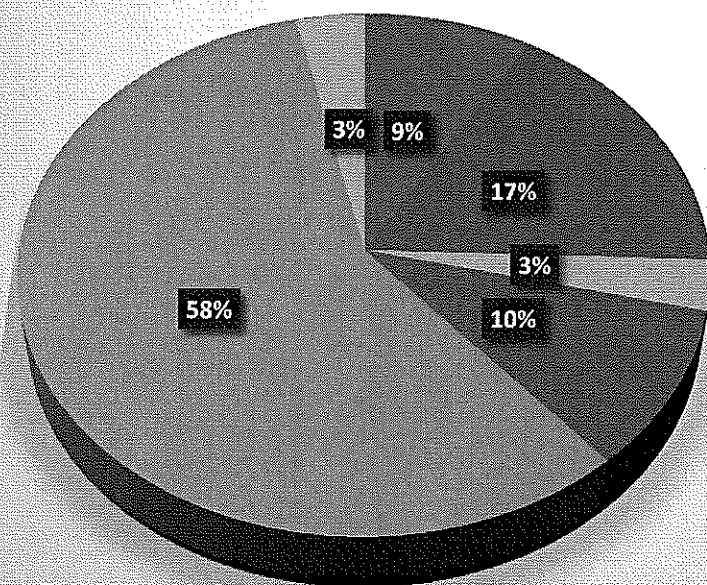
#### MAIN VOTE SUMMARIES

Current Year 2017/18

2018/19 Medium Term Revenue &  
Expenditure Framework

Item Nr	Item Description	Adjusted Budget	Pre-audit outcome	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
0001/1001001	MUNICIPAL MANAGER & COUNCIL	150,889,256.16	85,818,304.80	58,476,359.49	203,075,583.66	260,402,527.60
0002/2001003	CHIEF FINANCIAL OFFICER SUPPORT SERVICES	128,738,600.12	72,448,388.86	118,178,715.42	127,737,795.72	150,026,100.25
0003/3001001	DIRECTOR CORPORATE SERVICES	35,355,658.41	25,147,567.70	21,462,781.64	18,522,000.00	16,074,200.00
0004/4001001	DIRECTOR COMMUNITY SERVICES	63,953,090.59	38,861,359.28	68,590,727.40	74,425,203.00	76,920,800.00
0005/5001001	TECHNICAL & ENGINEERING SERVICES DIRECTOR	299,881,472.67	173,159,633.00	406,933,507.09	324,127,043.00	276,150,618.00
0006/6002001	LOCAL ECONOMIC DEVELOPMENT DIVISION	3,699,550.00	3,382,427.60	24,563,295.96	25,315,000.00	37,880,000.00
<b>TOTAL</b>		<b>682,517,627.95</b>	<b>398,817,681.24</b>	<b>698,205,387.00</b>	<b>773,202,625.38</b>	<b>817,454,245.85</b>

### Budget Year 2018/19



- 0001/1001001 MUNICIPAL MANAGER & COUNCIL
- 0002/2001003 CHIEF FINANCIAL OFFICER SUPPORT SERVICES
- 0003/3001001 DIRECTOR CORPORATE SERVICES
- 0004/4001001 DIRECTOR COMMUNITY SERVICES
- 0005/5001001 TECHNICAL & ENGINEERING SERVICES DIRECTOR
- 0006/6002001 LOCAL ECONOMIC DEVELOPMENT DIVISION

The table and graph above indicates the expenditure by vote. These expenditure comprises of Employee related cost, operational and Capital Expenditure. Budget Tables are attached for reference.



## 1.6 CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 7:2018/19 Medium-term Capital Expenditure per Funding Source – The New EMS System**

<b>Detail Description of Project</b>	<b>Funding Source</b>	<b>Indicative Budget 2018/2019</b>	<b>Indicative Budget 2019/2020</b>	<b>Indicative Budget 2020/2021</b>
<b>CAPITAL PROJECTS FUNDED BY GRANTS</b>				
Refurbishment of Aparar (Matibidi) ring road street	Transfer and subsidies(MIG)	18,933,825.36	15,147,060.29	14,164,766.32
Refurbishment of road at Moremela	Transfer and subsidies(MIG)	9,316,518.00	12,753,214.40	13,711,735.84
Refurbishment of road in Harmony hill RDP Section	Transfer and subsidies(MIG)	5,769,544.00		
Fencing of WWTP in Lydenburg	Transfer and subsidies(MIG)	1,922,408.00	1,537,926.40	1,691,719.04
Fencing of WWTP in Sabie	Transfer and subsidies(MIG)	1,426,817.00	1,141,453.60	1,255,598.96
Fencing of WWTP in Graskop	Transfer and subsidies(MIG)	910,615.00	978,492.00	1,076,341.20
Fencing of the new land fill (Graskop)	Transfer and subsidies(MIG)	1,807,219.00	1,945,775.20	2,140,352.72
Fencing of the new land fill (Simile)	Transfer and subsidies(MIG)	2,551,367.00	2,041,093.60	2,245,202.96
Construction of Stadium	Transfer and subsidies(MIG)	10,275,885.00	9,467,885.00	10,414,673.50
Construction of a 1ML reservoir at Lydenburg Hospital	Transfer and subsidies(WSIG)	6,000,000.00	R 15,000,000.00	R 15,000,000.00
3KM of Bulk pipeline upgrade in Lydenburg/Mashishing	Transfer and subsidies(WSIG)	9,000,000.00		
Electricity connection of households	Transfer and subsidies(INEP)	3,735,500.00	-	-
Procurement of Sub-Station	Transfer and subsidies(INEP)	1,199,500.00		
Upgrading of Mashishing Stadium	Transfer and subsidies(RFMIG)	9,000,000.00		
		<b>81,849,198.36</b>	<b>60,012,900.49</b>	<b>61,700,390.54</b>
<b>INTERNALLY FUNDED CAPITAL PROJECTS</b>				
Refurbishment of streets in Lydenburg	levies	15,000,000.00	10,000,000.00	-
Upgrade of Storm Water drainage system	levies	300,000.00	300,000.00	300,000.00



Installation of boreholes	levies	1,000,000.00		
Construction of Coromandel Community Hall	levies	3,000,000.00		
Construction of Toilets of Cemeteries	levies	200,000.00		
Fencing of old cemeteries	levies	1,750,000.00		
Installation of Landfill site weigh bridge	levies	400,000.00	500,000.00	
Construction of taxi rank in ward 12	levies	2,000,000.00		
		<b>R 23 650 000.00</b>	<b>R 11 800 000.00</b>	<b>R 1 300 000.00</b>
<b>ACQUISITION OF MOVABLE ASSETS</b>				
Procurement of 2 Mobile Traffic Control weigh bridge	levies	1,000,000.00	1,000,000.00	
Procurement of 3 Speed Enforcement Digital cameras	levies	1,000,000.00	1,000,000.00	
Procurement of furniture	levies	100,000.00	50,000.00	
procurement of pro lazer machine	levies	200,000.00	200,000.00	200 000.00
Procurement of equipment	levies	24,000.00	24,000.00	24,000.00
Procurement of furniture	levies	200 000.00	22 000.00	24 200.00
Procurement of computers	levies	200 000.00	220 000.00	240 000.00
Pocurement of fleet(yellow fleet and vehicles)	levies	3 450 000.00	8 750 000.00	12 650 000.00
Procurement of furniture	levies	50 000.00	55 000.00	100 000.00
procurement of stock scanning machine	levies	350 000.00	385 000.00	410 000.00
Procurement of furniture	levies	28 500.00	31 350.00	32 500.00
Procurement of furniture	levies	30 000.00		
Procurement of furniture	levies	20 000.00	21 000.00	22 684.00
		<b>6 652 500.00</b>	<b>11 737 350.00</b>	<b>13 680 700.00</b>

**TOTAL CAPITAL EXPENDITURE**

**R112 151 698.36**

**R83 550 250.49**

**R76 681 090.54**

Roads remain to receive the highest allocation of R49 million in 2018/19 which equates to 44.1 per cent of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

## 1.7 Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF to be approved by the Council on or before 30<sup>th</sup> of March. Budget tables and explanatory notes below.(Table 8)

MP321 Thaba Chweu - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	102 029	92 514	96 565	98 051	96 728	96 728	96 728	135 594	144 326	151 234
Service charges	169 656	183 068	187 917	269 800	276 350	276 350	276 350	269 687	276 332	327 028
Investment revenue	–	–	2 234	–	1 700	1 700	1 700	4 706	5 073	5 468
Transfers recognised - operational	94 702	108 813	119 559	–	129 936	129 936	129 936	136 773	145 131	160 334
Other own revenue	60 903	60 784	30 976	175 782	48 060	48 060	48 060	68 178	173 988	193 573
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>417 290</b>	<b>445 179</b>	<b>437 251</b>	<b>543 633</b>	<b>552 774</b>	<b>552 774</b>	<b>552 774</b>	<b>614 937</b>	<b>744 850</b>	<b>837 637</b>
Employee costs	118 073	140 258	140 258	169 248	170 008	170 008	170 008	193 636	211 544	228 506
Remuneration of councillors	8 884	9 147	9 147	9 798	10 267	10 267	10 267	10 801	11 088	12 086
Depreciation & asset impairment	86 843	84 170	84 170	38 128	38 128	38 128	38 128	37 211	39 243	40 994
Finance charges	35 901	45 089	45 089	7 200	15 200	15 200	15 200	10 200	11 920	12 400
Materials and bulk purchases	131 118	145 404	145 404	147 955	171 987	171 987	171 987	172 243	185 809	195 846
Transfers and grants	–	–	–	12 904	–	–	–	14 232	16 108	17 052
Other expenditure	271 748	268 726	268 726	290 522	160 158	160 158	160 158	147 750	166 553	166 846
<b>Total Expenditure</b>	<b>652 567</b>	<b>692 793</b>	<b>692 793</b>	<b>675 756</b>	<b>565 749</b>	<b>565 749</b>	<b>565 749</b>	<b>586 073</b>	<b>642 266</b>	<b>673 730</b>
<b>Surplus/(Deficit)</b>	<b>(235 278)</b>	<b>(247 614)</b>	<b>(255 542)</b>	<b>(132 123)</b>	<b>(12 975)</b>	<b>(12 975)</b>	<b>(12 975)</b>	<b>28 865</b>	<b>102 584</b>	<b>163 907</b>
Transfers and subsidies - capital (monetary alloc	47 872	84 759	89 059	112 179	118 778	118 778	118 778	84 392	75 182	69 420
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(187 406)</b>	<b>(162 855)</b>	<b>(166 473)</b>	<b>(19 944)</b>	<b>105 803</b>	<b>105 803</b>	<b>105 803</b>	<b>113 257</b>	<b>177 766</b>	<b>233 327</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>(187 406)</b>	<b>(162 855)</b>	<b>(166 473)</b>	<b>(19 944)</b>	<b>105 803</b>	<b>105 803</b>	<b>105 803</b>	<b>113 257</b>	<b>177 766</b>	<b>233 327</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>51 693</b>	<b>79 951</b>	<b>85 846</b>	<b>112 170</b>	<b>116 769</b>	<b>116 769</b>	<b>116 769</b>	<b>112 153</b>	<b>83 550</b>	<b>76 681</b>
Transfers recognised - capital	48 453	79 951	85 846	109 770	111 929	111 929	111 929	81 619	72 813	66 923
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	3 240	–	–	2 400	4 840	4 840	4 840	30 534	10 737	9 758
<b>Total sources of capital funds</b>	<b>51 693</b>	<b>79 951</b>	<b>85 846</b>	<b>112 170</b>	<b>116 769</b>	<b>116 769</b>	<b>116 769</b>	<b>112 153</b>	<b>83 550</b>	<b>76 681</b>
<b>Financial position</b>										
Total current assets	135 663	263 826	278 537	310 537	257 089	257 089	257 089	529 906	692 438	911 941
Total non current assets	2 460 879	2 451 949	2 330 636	2 581 442	2 330 636	2 330 636	2 330 636	2 526 984	2 580 287	2 625 364
Total current liabilities	493 045	489 064	579 028	461 279	579 028	579 028	579 028	629 937	629 937	629 937
Total non current liabilities	4 449	41 633	42 815	30 719	42 815	42 815	42 815	12 728	12 728	12 728
Community wealth/Equity	2 099 048	2 185 078	1 987 330	2 399 982	1 965 882	1 965 882	1 965 882	2 414 227	2 630 060	2 894 640
<b>Cash flows</b>										
Net cash from (used) operating	53 850	75 257	100 713	92 226	105 803	105 803	29 198	71 817	104 333	164 508
Net cash from (used) investing	(49 739)	(79 801)	(84 799)	(112 170)	(116 769)	(116 769)	(683)	(112 132)	(83 550)	(76 681)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>8 996</b>	<b>4 452</b>	<b>21 150</b>	<b>24 766</b>	<b>33 744</b>	<b>33 744</b>	<b>73 225</b>	<b>2 484</b>	<b>23 267</b>	<b>111 094</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	8 997	8 997	21 150	31 117	21 150	21 150	21 150	2 484	23 267	111 094
Application of cash and investments	787 319	358 931	468 178	224 340	483 432	483 432	483 432	299 196	194 778	76 497
<b>Balance - surplus (shortfall)</b>	<b>(778 322)</b>	<b>(349 934)</b>	<b>(447 028)</b>	<b>(193 224)</b>	<b>(462 282)</b>	<b>(462 282)</b>	<b>(462 282)</b>	<b>(296 712)</b>	<b>(171 511)</b>	<b>34 597</b>
<b>Asset management</b>										
Asset register summary (WDV)	1 228 220	2 239 367	2 207 095	2 581 442	2 361 199	2 361 199	–	2 526 577	2 579 879	2 624 956
Depreciation	86 843	84 170	128 896	38 128	38 128	38 128	–	37 211	39 243	40 994
Renewal of Existing Assets	54 931	55 383	54 463	54 662	52 662	52 662	–	–	–	–
Repairs and Maintenance	17 731	31 471	25 041	27 427	27 427	27 427	–	16 633	21 723	20 298
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	3 050	–	63	5 684	5 684	5 684	3 437	3 437	3 706	4 002
<b>Households below minimum service level</b>										
Water:	2	–	2	173	173	173	2	2	2	2
Sanitation/sewerage:	1	–	1	1	1	1	1	1	1	1
Energy:	5	–	5	33	5	5	5	5	5	5
Refuse:	14	–	14	14	14	14	14	14	14	14

## **Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF b. Capital expenditure is balanced by capital funding sources, of which i. Transfers recognised is reflected on the Financial Performance Budget; ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2018/19, when a small surplus is reflected.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

MP321 Thaba Chweu - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

MP321 Maiba Cillew - Table A2 Budgeted Financial Performance (Revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Revenue - Functional										
Governance and administration		226 244	238 809	244 919	266 978	273 377	273 377	321 026	340 233	359 250
Executive and council		92 168	115 582	123 484	126 302	129 936	129 936	134 558	144 382	157 222
Finance and administration		134 076	123 227	121 435	140 676	143 441	143 441	186 468	195 851	202 028
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		4 923	3 815	2 492	183	175	174	10 196	1 254	1 328
Community and social services		-	-	2 492	174	175	174	696	467	501
Sport and recreation		4 923	3 815	-	9	-	-	9 000	-	-
Public safety		-	-	-	-	-	-	500	788	827
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		71 420	92 966	61 628	49 080	50 182	50 182	78 530	174 459	200 021
Planning and development		71 420	92 966	603	48 504	2 003	2 003	78 530	174 459	200 021
Road transport		-	-	61 025	576	48 179	48 179	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		162 575	194 348	217 280	339 550	339 561	339 561	289 579	304 086	346 458
Energy sources		107 784	122 392	127 769	205 807	202 560	202 560	195 692	207 435	219 881
Water management		31 730	46 975	62 155	95 333	99 948	99 948	57 065	60 093	87 510
Waste water management		10 899	11 256	12 364	16 498	15 142	15 142	18 411	16 821	17 831
Waste management		12 162	13 725	14 992	21 912	21 912	21 912	18 411	19 737	21 237
Other	4	-	-	-	18	8 257	8 257	-	-	-
Total Revenue - Functional	2	465 162	529 938	528 320	655 809	671 552	671 551	699 331	820 032	907 058
Expenditure - Functional										
Governance and administration		394 311	431 850	318 138	249 688	222 363	222 363	232 697	271 978	291 282
Executive and council		53 660	54 143	47 386	47 521	54 768	54 768	65 321	69 965	74 995
Finance and administration		340 650	377 707	270 752	202 167	167 595	167 595	157 357	191 061	204 837
Internal audit		-	-	-	-	-	-	10 019	10 952	11 450
Community and public safety		29 418	32 499	41 033	24 161	56 419	56 419	59 134	59 744	62 487
Community and social services		7 002	12 693	41 033	24 161	11 862	11 862	53 690	53 924	56 262
Sport and recreation		905	1 023	-	-	867	867	1 069	1 120	1 174
Public safety		21 511	18 783	-	-	32 957	32 957	4 375	4 700	5 051
Housing		-	-	-	-	3 558	3 558	-	-	-
Health		-	-	-	-	7 175	7 175	-	-	-
Economic and environmental services		58 211	42 412	101 073	98 329	79 546	79 546	49 435	53 050	49 625
Planning and development		36 928	34 062	-	98 329	6 898	6 898	38 035	40 962	36 818
Road transport		19 688	6 621	101 073	-	17 643	17 643	10 775	11 415	12 081
Environmental protection		1 595	1 729	-	-	55 005	55 005	625	674	726
Trading services		170 629	186 032	247 299	303 577	207 421	207 421	244 808	257 495	270 336
Energy sources		136 485	157 050	195 862	171 333	153 087	153 087	174 438	182 097	191 196
Water management		8 473	10 161	25 311	104 555	21 295	21 295	49 583	53 019	56 202
Waste water management		9 482	2 202	11 421	3 883	3 250	3 250	4 604	5 794	5 088
Waste management		16 189	16 619	14 704	23 806	29 789	29 789	16 184	16 585	17 850
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	652 588	692 793	707 542	675 755	565 749	565 749	586 074	642 266	673 730
Surplus/(Deficit) for the year		(187 406)	(162 855)	(181 222)	(19 946)	105 803	105 802	113 257	177 766	233 328

### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function.

4. Functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and treasury Office.

MP321 Thaba Chweu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote		1									
Vote 1 - Office of the Municipal Manager			—	—	—	—	—	—	—	—	—
Vote 2 - Office of the Chief Financial Officer			92 168	115 582	123 484	126 302	128 710	128 710	29 172	30 066	30 973
Vote 3 - Office of the Chief Financial Officer			131 415	119 493	117 375	137 390	144 124	144 124	155 959	166 314	169 572
Vote 4 - Office of the Chief Financial Officer			2 661	3 735	3 997	3 218	3 218	3 218	—	—	—
Vote 5 - Office of the Director Corporate Services			3 655	3 815	169	182	182	182	765	801	846
Vote 6 - Office of the Director Corporate Services			39 480	13 725	17 981	22 498	22 498	22 498	573	601	637
Vote 7 - Office of the Director Corporate Services			153 154	195 939	188 795	254 025	254 025	254 025	—	—	—
Vote 8 - Office of the Director Community Services			42 629	58 231	74 519	111 832	118 431	118 431	9 788	827	877
Vote 9 - Office of the Director Community Services			—	19 419	—	365	365	365	18 819	20 164	21 688
Vote 10 - Technical & Engineering Services			—	—	—	—	—	—	326 624	331 731	375 162
Vote 11 - Director Local Economic Development & Planning			—	—	—	—	—	—	23 073	127 077	150 081
Vote 12 - Executive Mayor Office			—	—	—	—	—	—	134 557	142 451	157 221
Vote 13 - [NAME OF VOTE 13]			—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]			—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]			—	—	—	—	—	—	—	—	—
Total Revenue by Vote		2	465 162	529 938	526 320	655 811	671 552	671 552	699 329	820 032	907 057
Expenditure by Vote to be appropriated		1									
Vote 1 - Office of the Municipal Manager			29 050	10 327	25 172	28 897	28 897	28 897	45 457	47 866	51 152
Vote 2 - Office of the Chief Financial Officer			24 610	43 816	22 214	33 310	33 310	33 310	64 458	69 572	74 324
Vote 3 - Office of the Chief Financial Officer			304 893	302 590	225 225	139 352	139 352	139 352	69 528	86 188	93 149
Vote 4 - Office of the Chief Financial Officer			35 757	60 936	45 527	35 116	35 116	35 116	2 360	2 544	2 743
Vote 5 - Office of the Director Corporate Services			6 058	13 716	6 776	15 158	15 158	15 158	6 853	7 296	7 842
Vote 6 - Office of the Director Corporate Services			45 083	37 131	34 257	58 559	58 559	58 559	15 669	16 093	17 447
Vote 7 - Office of the Director Corporate Services			189 163	197 733	296 935	247 396	247 396	247 396	8 169	8 339	8 521
Vote 8 - Office of the Director Community Services			17 955	12 363	51 436	108 690	115 289	115 289	39 429	41 175	43 794
Vote 9 - Office of the Director Community Services			—	—	—	9 441	9 441	9 441	38 553	38 026	39 639
Vote 10 - Technical & Engineering Services			—	—	—	—	—	—	234 522	259 584	272 074
Vote 11 - Director Local Economic Development & Planning			—	—	—	—	—	—	32 231	34 729	30 122
Vote 12 - Executive Mayor Office			—	—	—	—	—	—	28 844	30 852	32 923
Vote 13 - [NAME OF VOTE 13]			—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]			—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]			—	—	—	—	—	—	—	—	—
Total Expenditure by Vote		2	652 568	678 612	707 542	675 919	682 518	682 518	586 073	642 266	673 730
Surplus/(Deficit) for the year		2	(187 406)	(148 674)	(181 222)	(20 107)	(10 966)	(10 966)	113 256	177 766	233 327

#### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus/deficit for the electricity and water trading services.

## Surplus /Deficit by calculation for the trading services

Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Electricity</b>									
Total Revenue (Inc capital grants and transfers)	107 784	122 392	127 769	205 807	202 560	202 560	195 692	207 435	219 881
Operating Expenditure	136 485	157 050	195 862	171 333	153 087	153 087	174 438	182 097	191 196
Surplus/Deficit of the year	(28 701)	(34 658)	(68 093)	34 474	49 473	49 473	21 254	25 338	28 684
Percentage Surplus	-27%	-28%	-53%	17%	24%	24%	11%	12%	13%
<b>Water</b>									
Total Revenue (Inc capital grants and transfers)	31 730	46 975	62 155	95 333	99 948	99 948	57 065	60 093	87 510
Operating Expenditure	8 473	10 161	25 311	104 555	21 295	21 295	49 583	53 019	56 202
Surplus/Deficit of the year	23 257	36 814	36 844	(9 222)	78 653	78 653	7 482	7 074	31 308
Percentage Surplus	73%	78%	59%	-10%	79%	79%	13%	12%	36%
<b>Waste water</b>									
Total Revenue (Inc capital grants and transfers)	10 899	11 256	12 364	16 498	15 142	15 142	18 411	16 821	17 831
Operating Expenditure	9 482	2 202	11 421	3 883	3 250	3 250	4 604	5 794	5 088
Surplus/Deficit of the year	1 417	9 054	942	12 615	11 892	11 892	13 808	11 028	12 742
Percentage Surplus	13%	80%	8%	76%	79%	79%	75%	66%	71%
<b>Waste</b>									
Total Revenue (Inc capital grants and transfers)	12 162	13 725	14 992	21 912	21 912	21 912	18 411	19 737	21 237
Operating Expenditure	16 189	16 619	14 704	23 806	29 789	29 789	16 184	16 585	17 850
Surplus/Deficit of the year	(4 027)	(2 894)	288	(1 894)	(7 877)	(7 877)	2 227	3 151	3 387
Percentage Surplus	-33%	-21%	2%	-9%	-36%	-36%	12%	16%	16%

- The Electricity trading surplus is accumulative over the 2018/19 MTREF from 11% or 21 million in 2018/19 to 13% in 2020/2021. This is primarily as a result of the high increase in electricity revenue and tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
- The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 13%, 12% and 30% for each year of the respective financial years.
- The surplus on the waste water account remains relatively constant over the MTREF translating into a surplus of 75%, 66% and 71% for each year of the respective financial years.
- The surplus on the waste account increases over the 2019/2020 translating into a surplus of 12%, 16% and 16% for each year of the respective financial years. The surplus for the outer two years remain the same

MP321 Thaba Chweu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source												
Property rates	2		102 029	92 514	96 565	98 051	96 728	96 728	96 728	135 594	144 326	151 234
Service charges - electricity revenue	2		107 733	122 324	126 450	181 436	182 700	182 700	182 700	190 799	194 680	215 450
Service charges - water revenue	2		28 862	35 763	34 111	49 987	48 349	48 349	48 349	42 065	45 093	72 510
Service charges - sanitation revenue	2		10 899	11 256	12 364	16 465	15 089	15 089	15 089	18 411	16 821	17 831
Service charges - refuse revenue	2		12 162	13 725	14 992	21 912	21 912	21 912	21 912	18 411	19 737	21 237
Service charges - other				–	–	–	8 300	8 300	8 300			
Rental of facilities and equipment			2 661	2 805	3 173	–	3 225	3 225	3 225	1 718	1 804	1 912
Interest earned - external investments				–	2 234	–	1 700	1 700	1 700	4 706	5 073	5 468
Interest earned - outstanding debtors				–	16 789	–	17 496	17 496	17 496	19 281	20 245	21 459
Dividends received				–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits			4 923	3 815	3 759	–	1 853	1 853	1 853	1 770	1 858	1 969
Licences and permits				–	–	–	–	–	–	–	–	–
Agency services			26 050	–	80	–	0	0	0	–	–	–
Transfers and subsidies			94 702	108 813	119 559	–	129 936	129 936	129 936	136 773	145 131	160 334
Other revenue	2		27 269	54 164	7 175	175 782	25 485	25 485	25 485	45 410	150 082	168 232
Gains on disposal of PPE				–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)			417 290	445 179	437 251	543 633	552 774	552 774	552 774	614 937	744 850	837 637
Expenditure By Type												
Employee related costs	2		118 073	140 258	140 258	169 248	170 008	170 008	170 008	193 636	211 544	228 506
Remuneration of councillors			8 884	9 147	9 147	9 798	10 267	10 267	10 267	10 801	11 088	12 086
Debt impairment	3		107 459	95 912	95 912	15	15	15	15	3 500	4 000	4 500
Depreciation & asset impairment	2		86 843	84 170	84 170	38 128	38 128	38 128	38 128	37 211	39 243	40 994
Finance charges			35 901	45 089	45 089	7 200	15 200	15 200	15 200	10 200	11 920	12 400
Bulk purchases	2		131 118	145 404	145 404	147 955	148 045	148 045	148 045	172 243	185 809	195 846
Other materials	8			–	–	–	23 942	23 942	23 942	–	–	–
Contracted services			55 570	46 353	46 353	70 191	62 650	62 650	62 650	78 409	82 493	78 161
Transfers and subsidies			–	–	–	12 904	–	–	–	14 232	16 108	17 052
Other expenditure	4, 5		65 877	104 850	104 850	220 316	97 493	97 493	97 493	65 841	80 061	84 184
Loss on disposal of PPE			42 843	21 612	21 612	–	–	–	–	–	–	–
Total Expenditure			652 567	692 793	692 793	675 756	565 749	565 749	565 749	586 073	642 266	673 730
Surplus/(Deficit)			(235 278)	(247 614)	(255 542)	(132 123)	(12 975)	(12 975)	(12 975)	28 865	102 584	163 907
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			47 872	84 759	89 069	112 179	118 778	118 778	118 778	84 392	75 182	69 420
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)												
Surplus/(Deficit) after capital transfers & contributions			(187 406)	(162 855)	(166 473)	(19 944)	105 803	105 803	105 803	113 257	177 766	233 327
Taxation												
Surplus/(Deficit) after taxation			(187 406)	(162 855)	(166 473)	(19 944)	105 803	105 803	105 803	113 257	177 766	233 327
Attributable to minorities												
Surplus/(Deficit) attributable to municipality			(187 406)	(162 855)	(166 473)	(19 944)	105 803	105 803	105 803	113 257	177 766	233 327
Share of surplus/ (deficit) of associate	7											
Surplus/(Deficit) for the year			(187 406)	(162 855)	(166 473)	(19 944)	105 803	105 803	105 803	113 257	177 766	233 327

## **Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

### **Revenue by major type**

1. Total revenue is R699, 3 million in 2018/19 and escalates to R907, million by 2019/20. This represents a year-on-year increase of over 14 per cent for the 2019/2020 and 10% for the financial year.
2. Revenue to be generated from property rates is R135 million in the 2018/2019 financial year and increases to R 151 million by 2020/2021 which represent 19% of the operating revenue base municipality and therefore remains a significant funding source for the municipality. Tariff increases have been factored in at 7 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to Electricity constitutes the biggest component of the revenue basket of the municipality totalling R190, 9 million for the 2018/19 financial year, for the 2018/19 financial year services charges amount to 267 million, which represent 38.4 per cent of the total revenue base and grows by 2, 22 per cent per annum over the medium-term.
4. The transfers recognised-Operating includes the local government equitable share and other operating grants from national and provincial government .It needs to be noted that in real terms grants receipts from national are growing rapidly over the MTREF by 5% in 2018/2019 , 6 % in 2019/2020 and 9% in 2020/2021

### **Expenditure by major type**

1. The employee's remuneration cost will amount to R193 million in 2018/2019 financial year in the absence of the collective agreement 6, 8 percent for employees related cost and. The remuneration cost to the total operating expenditure budget is 33 per cent. The employees remuneration cost will increase to R211 million in 2019/2020 financial year and the expenditure to the total operating budget will be 33 percent.
2. The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and will increase to R172 million due to an average increase of 7, 32 percent granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2018 the bulk purchase expenditure make up 29 per cent of the total operating expenditure budget.
3. The depreciation cost will be R37million which makes up 6 percent of the total operating expenditure
4. The cost curtailment measures have been applied in line with the National Government directives on other expenditure. The contracted services and expenditure makes up 24 percent of the total operating expenditure budget.
5. The budget for transfers and subsidies amount to R 14million in 2018/2019 and increased to R 17 million in 2020/2021. The transfers and subsidies will be used to subsidies indigent on free basic services.



MP321 Thaba Chweu - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 3 - Office of the Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 4 - Office of the Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 5 - Office of the Director Corporate Services		-	-	-	4 440	4 440	4 440	4 440	-	-	-
Vote 6 - Office of the Director Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Office of the Director Corporate Services		-	71 939	61 525	45 283	43 283	43 283	43 283	-	-	-
Vote 8 - Office of the Director Community Services		-	6 352	24 321	62 446	69 045	69 045	69 045	-	-	-
Vote 9 - Office of the Director Community Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - Technical & Engineering Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - Director Local Economic Development & Planning		-	-	-	-	-	-	-	-	-	-
Vote 12 - Executive Mayor Office		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	78 292	85 846	112 170	116 769	116 769	116 769	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Office of the Municipal Manager		100	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 3 - Office of the Chief Financial Officer		-	1 659	-	-	-	-	-	4 429	9 513	13 457
Vote 4 - Office of the Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 5 - Office of the Director Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Office of the Director Corporate Services		800	-	-	-	-	-	-	-	-	-
Vote 7 - Office of the Director Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Office of the Director Community Services		-	-	-	-	-	-	-	21 500	11 692	10 639
Vote 9 - Office of the Director Community Services		-	-	-	-	-	-	-	11 709	5 487	5 386
Vote 10 - Technical & Engineering Services		-	-	-	-	-	-	-	74 516	56 858	47 200
Vote 11 - Director Local Economic Development & Planning		-	-	-	-	-	-	-	-	-	-
Vote 12 - Executive Mayor Office		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		900	1 659	-	-	-	-	-	112 153	83 550	76 681
<b>Total Capital Expenditure - Vote</b>		900	79 951	85 846	112 170	116 769	116 769	116 769	112 153	83 550	76 681
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		3 128	1 494	2 923	-	-	-	-	4 429	9 534	13 479
Executive and council		2 860	278	315	-	-	-	-	-	-	-
Finance and administration		268	1 216	2 609	-	-	-	-	4 429	9 534	13 479
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	41	8 263	4 440	4 440	4 440	4 440	28 451	12 671	11 435
Community and social services		-	41	8 263	-	4 440	4 440	4 440	6 951	979	796
Sport and recreation		-	-	-	4 440	-	-	-	19 276	9 468	10 415
Public safety		-	-	-	-	-	-	-	2 224	2 224	224
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	55 704	33 528	26 283	24 283	24 283	24 283	49 320	38 200	28 177
Planning and development		-	321	-	2 000	-	-	-	-	-	-
Road transport		-	55 383	33 528	24 283	24 283	24 283	24 283	49 320	38 200	28 177
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		48 565	22 712	41 132	81 446	88 045	88 045	88 045	29 953	23 145	23 589
Energy sources		112	3 716	1 599	32 443	32 443	32 443	32 443	4 935	-	-
Water management		48 453	18 996	37 573	42 103	48 702	48 702	48 702	16 000	15 000	15 000
Waste water management		-	-	1 960	6 900	6 900	6 900	6 900	4 260	3 658	4 204
Waste management		-	-	-	-	-	-	-	4 759	4 487	4 386
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	51 693	79 951	85 846	112 170	116 769	116 769	116 769	112 153	83 550	76 681
<b>Funded by:</b>											
National Government		48 453	79 951	85 846	109 770	111 929	111 929	111 929	81 619	72 813	66 923
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	48 453	79 951	85 846	109 770	111 929	111 929	111 929	81 619	72 813	66 923
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		3 240	-	-	2 400	4 840	4 840	4 840	30 534	10 737	9 758
<b>Total Capital Funding</b>	<b>7</b>	51 693	79 951	85 846	112 170	116 769	116 769	116 769	112 153	83 550	76 681

## **Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2018/19 allocation total of R112, 1 million is respectively allocated for capital budgets. This allocation is reduced in the two outer year budget.
3. Single -year capital expenditure has been appropriated at R112 million for the 2018/2019 financial year and reduced over the MTREF at levels of R 83million and R76 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, and internally generated funds from current year surpluses.

MP321 Thaba Chweu - Table A6 Budgeted Financial Position

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	8 997	5 237	21 150	31 117	21 150	21 150	21 150	2 484	23 267	111 094
Call investment deposits	—	—	—	—	—	—	—	—	—	—
Consumer debtors	86 121	34 473	42 599	241 621	21 150	21 150	21 150	210 132	220 638	231 670
Other debtors	8 708	28 868	40 191	37 800	40 191	40 191	40 191	15 563	146 805	267 449
Current portion of long-term receivables	—	—	—	—	—	—	—	—	—	—
Inventory	31 837	195 249	174 597	—	174 597	174 597	174 597	301 728	301 728	301 728
<b>Total current assets</b>	<b>135 663</b>	<b>263 826</b>	<b>278 537</b>	<b>310 537</b>	<b>257 089</b>	<b>257 089</b>	<b>257 089</b>	<b>529 906</b>	<b>692 438</b>	<b>911 941</b>
<b>Non current assets</b>										
Long-term receivables	—	—	—	—	—	—	—	—	—	—
Investments	—	—	—	—	—	—	—	—	—	—
Investment property	336 657	213 599	123 181	305 153	123 181	123 181	123 181	191 727	191 727	191 727
Investment in Associate	—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	2 124 046	2 237 990	2 207 095	2 275 918	2 207 095	2 207 095	2 207 095	2 334 897	2 388 199	2 433 276
Agricultural	—	—	—	—	—	—	—	—	—	—
Biological	—	—	—	—	—	—	—	—	—	—
Intangible	11	—	—	11	—	—	—	—	—	—
Other non-current assets	165	360	360	360	360	360	360	360	360	360
<b>Total non current assets</b>	<b>2 460 879</b>	<b>2 451 949</b>	<b>2 330 636</b>	<b>2 581 442</b>	<b>2 330 636</b>	<b>2 330 636</b>	<b>2 330 636</b>	<b>2 526 984</b>	<b>2 580 287</b>	<b>2 625 364</b>
<b>TOTAL ASSETS</b>	<b>2 596 542</b>	<b>2 715 775</b>	<b>2 609 173</b>	<b>2 891 980</b>	<b>2 587 725</b>	<b>2 587 725</b>	<b>2 587 725</b>	<b>3 056 891</b>	<b>3 272 724</b>	<b>3 537 304</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft	—	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—	—
Consumer deposits	4 635	4 365	4 252	4 932	4 252	4 252	4 252	6 479	6 479	6 479
Trade and other payables	445 815	456 227	542 104	427 874	542 104	542 104	542 104	535 727	535 727	535 727
Provisions	42 596	28 472	32 672	28 472	32 672	32 672	32 672	87 731	87 731	87 731
<b>Total current liabilities</b>	<b>493 045</b>	<b>489 064</b>	<b>579 028</b>	<b>461 279</b>	<b>579 028</b>	<b>579 028</b>	<b>579 028</b>	<b>629 937</b>	<b>629 937</b>	<b>629 937</b>
<b>Non current liabilities</b>										
Borrowing	—	—	—	—	—	—	—	—	—	—
Provisions	4 449	41 633	42 815	30 719	42 815	42 815	42 815	12 728	12 728	12 728
<b>Total non current liabilities</b>	<b>4 449</b>	<b>41 633</b>	<b>42 815</b>	<b>30 719</b>	<b>42 815</b>	<b>42 815</b>	<b>42 815</b>	<b>12 728</b>	<b>12 728</b>	<b>12 728</b>
<b>TOTAL LIABILITIES</b>	<b>497 494</b>	<b>530 697</b>	<b>621 843</b>	<b>491 998</b>	<b>621 843</b>	<b>621 843</b>	<b>621 843</b>	<b>642 664</b>	<b>642 664</b>	<b>642 664</b>
<b>NET ASSETS</b>	<b>2 099 048</b>	<b>2 185 078</b>	<b>1 987 330</b>	<b>2 399 982</b>	<b>1 965 882</b>	<b>1 965 882</b>	<b>1 965 882</b>	<b>2 414 227</b>	<b>2 630 060</b>	<b>2 894 640</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	2 099 048	2 185 078	1 987 330	2 399 982	1 965 882	1 965 882	1 965 882	2 414 227	2 630 060	2 894 640
Reserves	—	—	—	—	—	—	—	—	—	—
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 099 048</b>	<b>2 185 078</b>	<b>1 987 330</b>	<b>2 399 982</b>	<b>1 965 882</b>	<b>1 965 882</b>	<b>1 965 882</b>	<b>2 414 227</b>	<b>2 630 060</b>	<b>2 894 640</b>

### Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including: • Call investments deposits; • Consumer debtors; • Property, plant and equipment; • Trade and other payables; • Provisions non-current; • Changes in net assets; and • Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end.

Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt.

These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

MP321 Thaba Chweu - Table A7 Budgeted Cash Flows

MP321 Thaba Chweu - Table A7 Budgeted Cash Flows											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		92 252	76 415	84 187	96 723	100 198	100 198	59 110	103 051	109 688	114 938
Service charges		153 871	164 629	190 069	276 355	272 851	272 851	152 456	232 711	210 012	265 944
Other revenue		49 437	43 652	7 428	22 911	29 762	29 762	20 102	58 897	153 744	172 113
Government - operating	1	94 702	105 713	119 559	128 447	132 344	132 344	133 447	136 773	145 131	160 334
Government - capital	1	57 004	64 647	96 581	112 179	118 778	118 778	102 179	84 392	75 182	69 420
Interest		684		2 075	19 196	17 496	17 496		23 986	25 318	26 928
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(358 198)	(334 710)	(387 280)	(543 482)	(537 522)	(537 522)	(365 329)	(546 562)	(590 713)	(619 717)
Finance charges		(35 901)	(45 089)	(11 907)	(7 200)	(15 200)	(15 200)	(6 863)	(10 200)	(11 920)	(12 400)
Transfers and Grants	1				(12 904)	(12 904)	(12 904)	(65 905)	(11 232)	(12 108)	(13 052)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>53 850</b>	<b>75 257</b>	<b>100 713</b>	<b>92 226</b>	<b>105 803</b>	<b>105 803</b>	<b>29 198</b>	<b>71 817</b>	<b>104 333</b>	<b>164 508</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			150	1 047					-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets		(49 739)	(79 951)	(85 846)	(112 170)	(116 769)	(116 769)	(683)	(112 132)	(83 550)	(76 681)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(49 739)</b>	<b>(79 801)</b>	<b>(84 799)</b>	<b>(112 170)</b>	<b>(116 769)</b>	<b>(116 769)</b>	<b>(683)</b>	<b>(112 132)</b>	<b>(83 550)</b>	<b>(76 681)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
<b>Payments</b>											
Repayment of borrowing									-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>4 111</b>	<b>(4 545)</b>	<b>15 913</b>	<b>(19 944)</b>	<b>(10 966)</b>	<b>(10 966)</b>	<b>28 515</b>	<b>(40 315)</b>	<b>20 783</b>	<b>87 827</b>
Cash/cash equivalents at the year begin:	2	4 885	8 997	5 237	44 710	44 710	44 710	44 710	42 799	2 484	23 267
Cash/cash equivalents at the year end:	2	8 996	4 452	21 150	24 766	33 744	33 744	73 225	2 484	23 267	111 094

## Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2018/19 MTREF provide for a further net decrease in cash of R 40 million for the 2018/19 financial year resulting in an overall projected position cash position at year end.
4. As part of the 2017/18 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
5. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R 2.4 million as at the end of 2018/2019 financial year and escalates to R111 million by 2020/2021.

MP321 Thaba Chweu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	8 996	8 996	21 150	24 766	33 744	33 744	73 225	2 484	23 267	111 094
Other current investments > 90 days		1	1	—	6 351	(12 594)	(12 594)	(52 075)	(0)	(0)	(0)
Non current assets - investments	1	—	—	—	—	—	—	—	—	—	—
<b>Cash and investments available:</b>		<b>8 997</b>	<b>8 997</b>	<b>21 150</b>	<b>31 117</b>	<b>21 150</b>	<b>21 150</b>	<b>21 150</b>	<b>2 484</b>	<b>23 267</b>	<b>111 094</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		440 388	12 000	7 512	—	—	—	—	—	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	—	—	—	—	—	—	—
Other working capital requirements	3	346 931	346 931	460 666	224 340	483 432	483 432	483 432	299 196	194 778	76 497
Other provisions		—	—	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
<b>Total Application of cash and investments:</b>		<b>787 319</b>	<b>358 931</b>	<b>468 178</b>	<b>224 340</b>	<b>483 432</b>	<b>483 432</b>	<b>483 432</b>	<b>299 196</b>	<b>194 778</b>	<b>76 497</b>
<b>Surplus(shortfall)</b>		<b>(778 322)</b>	<b>(349 934)</b>	<b>(447 028)</b>	<b>(193 224)</b>	<b>(462 282)</b>	<b>(462 282)</b>	<b>(462 282)</b>	<b>(296 712)</b>	<b>(171 511)</b>	<b>34 597</b>

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
3. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
4. From the table it can be seen that for the period of 2018/2019 to 2020/2021 the deficit has been decreased from R 296 to a surplus of R 24 million
5. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen the budget has been modelled on a progressively move from a deficit of R 296 million in 2018/2019 to a surplus of R million by 2020/2021

MP321 Thaba Chweu - Table A9 Asset Management

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE											
Total New Assets											
Roads Infrastructure											
Storm water Infrastructure											
Electrical Infrastructure											
Water Supply Infrastructure											
Sanitation Infrastructure											
Solid Waste Infrastructure											
Rail Infrastructure											
Coastal Infrastructure											
Information and Communication Infrastructure											
Infrastructure											
Community Facilities											
Sport and Recreation Facilities											
Community Assets											
Heritage Assets											
Revenue Generating											
Non-revenue Generating											
Investment properties											
Operational Buildings											
Housing											
Other Assets											
Biological or Cultivated Assets											
Servitudes											
Licences and Rights											
Intangible Assets											
Computer Equipment											
Furniture and Office Equipment											
Machinery and Equipment											
Transport Assets											
Libraries											
Zoo's, Marine and Non-biological Animals											
Total Renewal of Existing Assets											
Roads Infrastructure											
Storm water Infrastructure											
Electrical Infrastructure											
Water Supply Infrastructure											
Sanitation Infrastructure											
Solid Waste Infrastructure											
Infrastructure											
Community Facilities											
Sport and Recreation Facilities											
Community Assets											
Other Assets											
Computer Equipment											
Furniture and Office Equipment											
Total Upgrading of Existing Assets											
Roads Infrastructure											
Storm water Infrastructure											
Electrical Infrastructure											
Water Supply Infrastructure											
Infrastructure											
Community Facilities											
Sport and Recreation Facilities											
Community Assets											
Total Capital Expenditure											
Roads Infrastructure											
Storm water Infrastructure											
Electrical Infrastructure											
Water Supply Infrastructure											
Sanitation Infrastructure											
Solid Waste Infrastructure											
Infrastructure											
Community Facilities											
Sport and Recreation Facilities											
Community Assets											
Heritage Assets											
Housing											
Other Assets											
Computer Equipment											
Furniture and Office Equipment											
Machinery and Equipment											
Transport Assets											
Libraries											
Zoo's, Marine and Non-biological Animals											
TOTAL CAPITAL EXPENDITURE - Asset class											
ASSET REGISTER SUMMARY - PPE (WDV)											
Roads Infrastructure											
Storm water Infrastructure											
Electrical Infrastructure											
Water Supply Infrastructure											
Sanitation Infrastructure											
Solid Waste Infrastructure											
Rail Infrastructure											
Coastal Infrastructure											
Information and Communication Infrastructure											
Infrastructure											
Community Facilities											
Sport and Recreation Facilities											
Community Assets											
Heritage Assets											
Housing											
Other Assets											
Computer Equipment											
Furniture and Office Equipment											
Machinery and Equipment											
Transport Assets											
Libraries											
Zoo's, Marine and Non-biological Animals											

## Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality meets both these recommendations.

MP321 Thaba Chweu - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		45 691	—	12 932	12 932 000	12 932 000	12 932 000	12 932	12 932	12 932
Piped water inside yard (but not in dwelling)		15 249	—	13 672	13 672 000	13 672 000	13 672 000	13 672	13 672	13 672
Using public tap (at least min.service level)	2	8 474	—	4 783	4 783 000	4 783 000	4 783 000	4 783	4 783	4 783
Other water supply (at least min.service level)	4	1 985	—	236	236 000	236 000	236 000	236	236	236
<i>Minimum Service Level and Above sub-total</i>		69 388	—	31 623	31 623 000	31 623 000	31 623 000	31 623	31 623	31 623
Using public tap (< min.service level)	3	1 708	—	1 730	173 000	173 000	173 000	1 730	1 730	1 730
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		1 708	—	1 730	173 000	173 000	173 000	1 730	1 730	1 730
<b>Total number of households</b>	5	71 106	—	33 353	31 796 000	31 796 000	31 796 000	33 353	33 353	33 353
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		21 146	—	21 421	21 421	21 421	21 421	21 421	21 421	21 421
Flush toilet (with septic tank)		1 359	—	1 377	1 377	1 377	1 377	1 377	1 377	1 377
Chemical toilet		145	—	147	147	147	147	147	147	147
Pit toilet (ventilated)		1 632	—	1 653	1 653	1 653	1 653	1 653	1 653	1 653
Other toilet provisions (> min.service level)		7 043	—	7 135	7 135	7 135	7 135	7 135	7 135	7 135
<i>Minimum Service Level and Above sub-total</i>		31 328	—	31 733	31 733	31 733	31 733	31 733	31 733	31 733
Bucket toilet		178	—	180	180	180	180	180	180	180
Other toilet provisions (< min.service level)		453	—	459	459	459	459	459	459	459
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		631	—	639	639	639	639	639	639	639
<b>Total number of households</b>	5	31 957	—	32 372	32 372	32 372	32 372	32 372	32 372	32 372
<b>Energy:</b>										
Electricity (at least min.service level)		—	—	—	—	28 253	28 253	—	—	—
Electricity - prepaid (min.service level)		4 933	—	28 253	—	—	—	28 253	28 253	28 253
<i>Minimum Service Level and Above sub-total</i>		4 933	—	28 253	—	28 253	28 253	28 253	28 253	28 253
Electricity (< min.service level)		—	—	—	28 253	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	4 997	4 997	4 997	—	—	—
Other energy sources		4 933	—	4 997	—	—	—	4 997	4 997	4 997
<i>Below Minimum Service Level sub-total</i>		4 933	—	4 997	33 250	4 997	4 997	4 997	4 997	4 997
<b>Total number of households</b>	5	9 866	—	33 250	33 250	33 250	33 250	33 250	33 250	33 250
<b>Refuse:</b>										
Removed at least once a week		19 550	—	19 550	19 550	—	—	19 550	19 550	19 550
<i>Minimum Service Level and Above sub-total</i>		19 550	—	19 550	19 550	—	—	19 550	19 550	19 550
Removed less frequently than once a week		1 915	—	1 940	1 940	1 940	1 940	1 940	1 940	1 940
Using communal refuse dump		383	—	388	388	388	388	388	388	388
Using own refuse dump		9 308	—	9 427	9 427	9 427	9 427	9 427	9 427	9 427
Other rubbish disposal		273	—	277	277	277	277	277	277	277
No rubbish disposal		1 747	—	1 770	1 770	1 770	1 770	1 770	1 770	1 770
<i>Below Minimum Service Level sub-total</i>		13 625	—	13 802	13 802	13 802	13 802	13 802	13 802	13 802
<b>Total number of households</b>	5	33 175	—	33 352	33 352	13 802	13 802	33 352	33 352	33 352
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	39 627	39 627	39 627
Sanitation (free minimum level service)		—	—	—	—	—	—	2 082	2 082	2 082
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	2 081 000	2 081 000	2 081 000
Refuse (removed at least once a week)		—	—	—	—	—	—	2 082	2 082	2 082
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (Impermissible values per section 17 of MPRA)		—	—	—	—	—	—	—	—	—
Property rates exemptions, reductions and rebates and Impermissible values in excess of section 17 of MPRA)		1 525	—	63	5 684	5 684	5 684	3 437	3 706	4 002
<b>Total revenue cost of subsidised services provided</b>		3 050	—	63	5 684	5 684	5 684	3 437	3 706	4 002

## **Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make good progress with the eradication of backlog in the following areas:
  - a. Water services
  - b. Sanitation services
  - c. Electricity services
  - d. Refuse servicesHowever it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.

## **Part 2 – Supporting Documentation**

### **2.1. Overview of the budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **2.1.1. Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the budget. The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2017.

#### **2.1.2. IDP and Service Delivery and Budget Implementation Plan**

Thaba Chweu Local Municipality IDP is principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;



- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process; • Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/19 MTREF, based on the approved 2017/18 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/19 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the midyear and third quarter performance against the 2017/18 Departmental Service Delivery and Budget Implementation Plan.

Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3. Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2018/19 – 2020/21 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, and household debt)
- Performance trends
- The approved 2017/18 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment level
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 89 and 91 have been taken into consideration in the planning and prioritisation process.

### **2.2. Overview of alignment of budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others.

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action; • Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPI's)
- Accelerate and Shared Growth Initiative (ASGISA)
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

### **2.3 Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organizational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

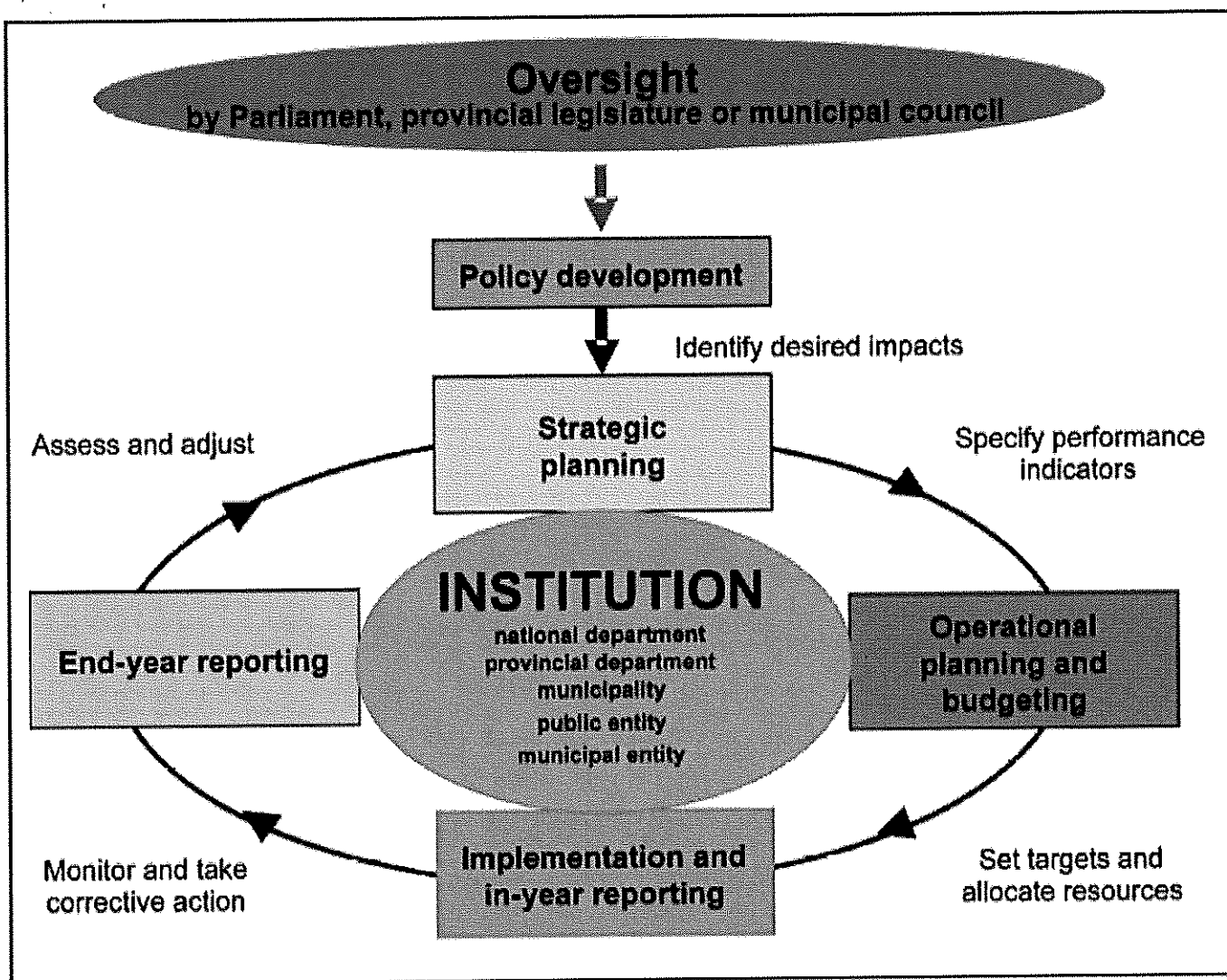
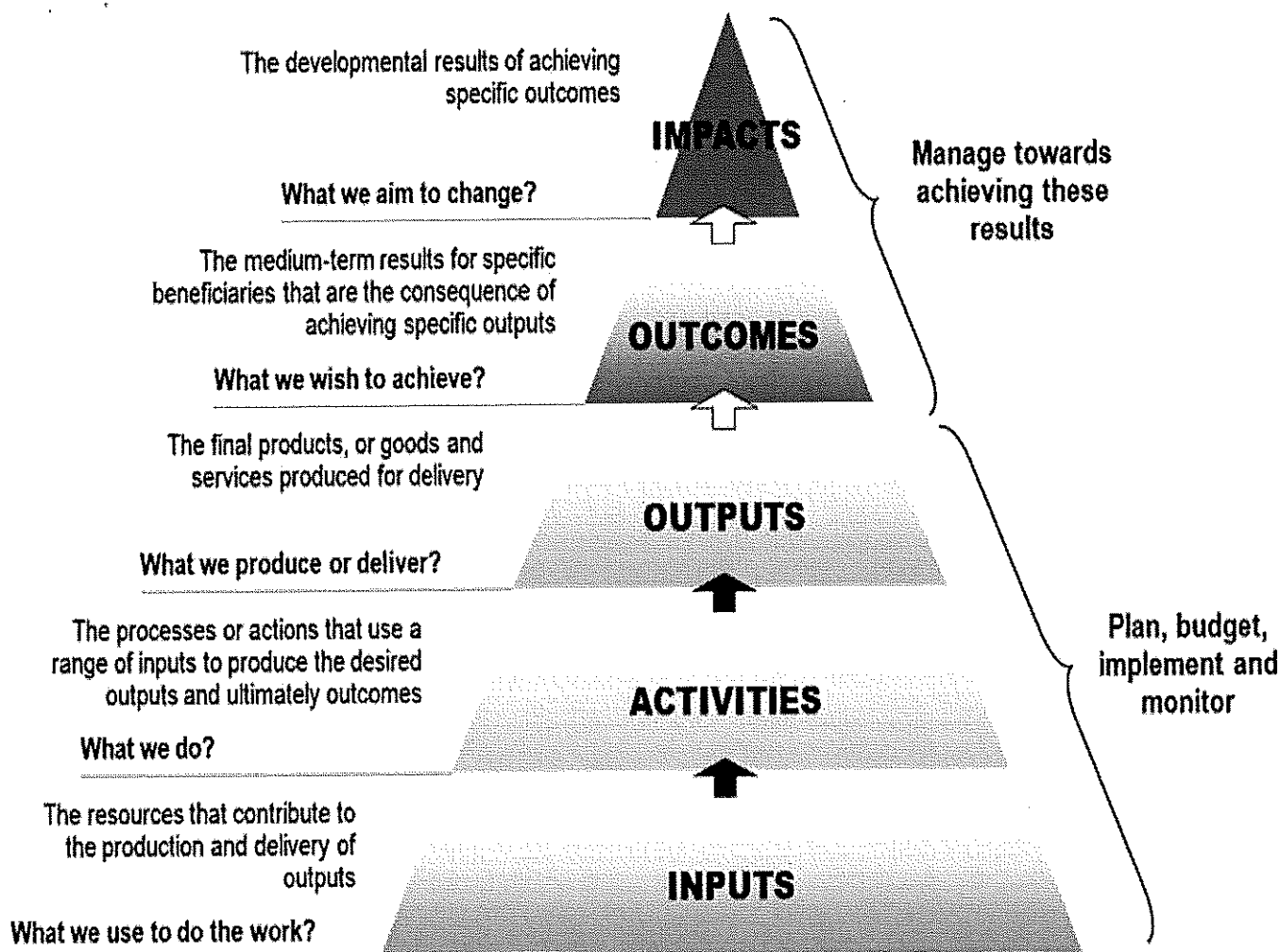


Figure 5 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:



The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year

MP321 Thaba Chweu - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Vote 1 - vote name</b>										
<b>Function 1 - Refurbishment of streets in</b>										
<b>Sub-function 1 - (name)</b>										
Number of kms refurbished in	KM	6.33	4.65	4.24	3.095	3.095	3.095	3.54	3.00	10.888
<b>Sub-function 2 - Patching of Potholes</b>										
Number of m <sup>2</sup> of potholes patched in	m <sup>2</sup>	0.0%	90000.0%	0.0%	7.908	7.908	7.908	7.908	7.908	7.908
<b>Sub-function 3 - Installation of traffic</b>										
Number of Traffic direction signage boards	Number	0.0%	0.0%	0.0%	200	200	200	250	0	0
<b>Function 2 - (name)</b>										
<b>Sub-function 1 - Refurbishment of</b>										
Number of street names board Refurbished in	Number	0.0%	0.0%	0.0%	200	200	200	312	0	0
<b>Sub-function 2 - Upgrade of Storm</b>										
Number of km of stormwater upgraded in	KM	1600.0%	0.0%	13.1	0.2	0.2	0.2	1	1	1
<b>Sub-function 3 - Grading of main</b>										
Number of km graded in Kiwi, Shaga,	KM		0.0%	0.0%	0.5	0.5	0.5	20	20	20
<b>Vote 2 - vote name</b>										
<b>Function 1 - Paving of Main roads</b>										
<b>Sub-function 1 - (name)</b>										
Number of km Main road paved in Matibidi, &	KM	6.33	0.0%	0.0%	0.8	0.8	0.8			
<b>Sub-function 2 - Installation of speed</b>										
Number of speed humps installed at	Number	0.0%	0.0%	0.0%	200	200	200	0.0%	0.0%	0.0%
<b>Sub-function 3 - Water Capacity</b>										
Number of Mega Litre reservoir Constructed	Number	0	0	0	0	0	0	1	0	0
<b>Function 2 - Water Capacity Upgrade</b>										
<b>Sub-function 1 - (name)</b>										
Number of km of bulk pipeline upgraded in	KM	0.0%	0.0%	0.0%	7.8	7.8	7.8	300.0%	—	—
<b>Sub-function 2 - Installation of</b>										
Number of boreholes installed in Brondal,	KM	0	0	0	2	2	2	3	0	0
<b>Sub-function 3 - Maintenance of</b>										
Number of boreholes maintained in Brondal,	Number	-	-	-	2	2	2	2	2	2
<b>Vote 3 - vote name</b>										
<b>Function 1 - Water</b>										
<b>Sub-function 1 - Installation Water</b>										
Number of water meters devices installed in	Number	0	0	0	2000	2000	2000	2000	2000	2000
<b>Function 2 - Sanitation -</b>										
<b>Sub-function 2 - Sanitation -Fencing</b>										
Number of WWTP Fenced in Lydenburg,	Number	4	0	0	0	0	0	3	0	0
<b>Sub-function 3 - Upgrading of waste</b>										
Number of Business Plan developed for	Number	0	0	0	0	0	0	1	0	0
<b>Function 3 - Electricity</b>										
<b>Sub-function 1 - Procurement of Sub-</b>										
Number of Maintenance Plan developed and	Number	0	0	0	3	3	3	3	0	0
<b>Sub-function 2 - Feasibility Study</b>										
Conduct feasibility study for the upgrade of		0	0	0	1	1	1	1	0	0
<b>Sub-function 3 - Electrification of</b>										
Number of households electrified in Ext 6	Number	0	145	525	1026	1026	1026	241	755	250
<b>Sub-Section 4 - Maintenance of streetlights</b>										
Number of streetlights/ globes	Number	58	856	0	307	307	307	250	500	300
<b>Sub-Section 5 - Electricity overhead lines</b>										
KM of overhead lines replaced in TCM by 30	KM	0	0	0	0	0	0	5	5	5
<b>Sub-Section 6 - Replacement of electricity poles</b>										
Number of electricity poles replaced in	KM	0	0	0	0	0	0	70	70	70
<b>Function 4 - Public Facilities</b>										
<b>Sub-Function 1 - Refurbishment of public parks</b>										
Number of Parks refurbished in Lydenburg by	KM	0	0	0	5	5	5	1	2	3
<b>Sub-Function 2 - Refurbishment of recreational</b>										
<b>Sub-Function 3 - Refurbishment of community</b>										
Number of community Halls maintained in	Number	0	0	0	8	8	8	1	1	0
Number of Community Hall constructed in	Number	0	0	0	0	0	0	1	0	0
Identification of The Land to Conduct EIA Study	Hectares of Land	0	0	0	0	0	0	1	0	0
<b>Sub-Function 4 - soccer grounds and Stadiums</b>										
Number of Soccer Grounds refurbished in	Number	0	0	0	0	0	0	1	0	0
Number of Stadium constructed in Simile by 30		0	0	0	0	0	0	1	—	—
<b>Function 5 - Taxi Ranks</b>										
<b>Sub-Function 2 - Upgrading of taxi Ranks</b>										
Number of Stadium upgraded in		0	0	0	1	1	1	1	0	0
<b>Sub-Function 1 - Constructing of Taxi Ranks</b>										
Number of Taxi Rank Constructed at	Number	0	0	0	0	0	0	1	0	0
<b>Function 6 - Cemeteries</b>										
<b>Sub-Function 1 - Construction of Toilets for</b>										
Number of Toilets Constructed for Cemeteries	Number	0	0	0	0	0	0	20	0	0
<b>Sub-Function 2 - Fencing of old cemeteries</b>										
Number of cemeteries fenced at	Number	4	0	4	0	0	0	2	—	—
<b>Sub-Function 3 - Conducting of EIA on identified</b>										
EIA conducted on identified cemeteries in	EIA Report		0	0				2	—	—
<b>Function 7 - Environment and Waste</b>										
<b>Sub-Function 1 - Conducting of Campaigns</b>										
Number of No Littering Signages procured and	Number	0	0	0	0	0	0			
Number of Cleaning Campaigns held by 30	Number	0	0	0	12	12	12	12	12	12
<b>Sub-Function 2 - Waste Collection</b>										
Number villages covered with waste collection	Number	0	0	0	0	0	0			
<b>Sub-Function 3 - Workshop for SMME's on</b>										
Number of workshops conducted to SMME's	Number	0	0	0	2	2	2	2	2	2
<b>Sub-Function 4 - Procurement of portable waste</b>										
Number of portable street bins procured and	Number	0	0	0	80	80	80	100	100	100
<b>Sub-Function 5 - Rehabilitate illegal dumping</b>										
Number of illegal dumping sites rehabilitated in	Number	0	0	0	4	4	4	12	—	—
<b>Sub-Function 6 - Fencing of Landfill sites</b>										
Number of Landfill site fenced in Simile by 30	Number		0	2	0	0	0	1	—	—
<b>Function 8 - Human Settlement</b>										
<b>Sub-Function 1 - Housing Chapter</b>										
Number of Housing Development data	Number		0	0	0	0	0	1	—	—
Number of Hostels Maintained	Number		0	0	0	0	0	2	2	—
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2018/2021 MTREF

MP321 Thaba Chweu - Supporting Table SA8 Performance Indicators and benchmarks

Description of financial Indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.5%	6.5%	6.5%	1.1%	2.7%	2.7%	2.7%	1.7%	1.9%	1.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	11.1%	13.4%	14.2%	1.3%	3.6%	3.6%	3.6%	2.1%	2.0%	1.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	0.3	0.5	0.5	0.7	0.4	0.4	0.4	0.8	1.1	1.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.3	0.5	0.5	0.7	0.4	0.4	0.4	0.8	1.1	1.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.2
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		94.1%	87.5%	98.4%	101.4%	100.0%	100.0%	58.7%	82.8%	78.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		94.1%	87.5%	96.4%	101.4%	100.0%	100.0%	58.7%	82.8%	76.0%	79.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	22.7%	14.2%	18.9%	51.4%	11.1%	11.1%	11.1%	36.7%	49.3%	59.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		4822.0%	9970.5%	2527.6%	1727.7%	1606.5%	1606.5%	740.3%	19617.6%	2094.6%	438.7%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kWh)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kl)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.3%	31.5%	32.1%	31.1%	30.8%	30.8%	30.8%	31.5%	28.4%	27.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	26.7%	0.0%	0.0%	32.9%	33.9%	33.9%		33.2%	29.9%	27.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.2%	7.1%	5.7%	5.0%	5.0%	5.0%		2.7%	2.9%	2.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	29.4%	29.0%	29.6%	8.3%	9.6%	9.6%	9.6%	7.7%	6.9%	6.4%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	162.1	16.5	31.1	31.1	31.1	17.6	18.9	22.3	25.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	35.9%	22.8%	28.8%	76.0%	16.3%	16.3%	16.3%	55.5%	87.0%	103.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.2	0.1	0.5	0.6	0.9	0.9	1.9	0.1	0.5	2.3

## Financial performance indicators and benchmarks

### (a) Borrowing management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, the municipality borrowing strategy is primarily informed by the affordability of debt repayments.. The following financial performance indicators have formed part of the compilation of the 2018/2019 MTREF.

*Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is zero decreased significantly due to the fact that there's no borrowing anticipated to fund the 2018/2019 capital expenditure.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2018/2019 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

### (b) Safety of Capital

*The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.

### (c) Liquidity

*Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018/2019 the MTREF the current ratio is 0,84, in the 2019/2020 financial year it will be 1,09 and 1,44 for 2020/2021 Going forward it will be necessary to maintain these levels or even more.

*The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2017/2018 financial year the ratio was 0.6 and as part of the financial planning strategy it will remain the same throughout the medium term due to the cash flow situation. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

#### **(d) Revenue Management**

As part of the financial sustainability strategy, the municipality will revise its revenue enhancement strategy and theme of the strategy is, "let us make revenue management everyone's business in the municipality" we believe that through the aggressive implementation of the strategy framework, the financial stability in the short-term and sustainability in the long-term will be achieved. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

#### **(e) Creditors Management**

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 95 per cent compliance rate to this legislative obligation. This will have at least a favorable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

#### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2018/2019 financial year 3355 registered indigents will be provided for in the budget. In terms of the municipality's indigent policy registered households are entitled to 10kl free water, 50 kwh of electricity, free sanitation, free waste removal equivalent to 85l once a week, free property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are not taken into account in the table noted above.

#### **2.3.3 Providing clean water and managing waste water**

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Minimum Green Drop certification standards. This has been prioritized as part of the 2018/2019 medium term capital budget.



## **2.4. Overview of budget related-policies**

The Municipality budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. These policies are attached in the Budget document as annexures

### **2.4.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in 31 May 2018. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration

Process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2018/21MTREF has been prepared on the basis of achieving an average debtors" collection rate of 76 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

### **2.4.2 Asset Management Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allow many assets to be renewed at a lesser „real" cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### **2.4.3 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in May 2018 .

### **2.4.4 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality "s system of delegations. The Budget and Virement Policy was approved by Council in may 2018 in respect of both Operating and Capital Budget Fund Transfers.

#### 2.4.5 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy were amended by Council in January 2011. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

#### 2.4.6 Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

## 2.5. Overview of budget assumptions

Prior Years Procurement patterns and Demand study are used as a baseline for raising estimates for all goods and services to be procured. The budget takes into consideration national headline inflation estimates and trends that emerged while implementing the SDBIP in the outgoing financial year.

### 2.4 OVERVIEW OF BUDGET ASSUMPTIONS

#### 2.5.1 External factors

Unemployment remains very high at 26, 7 percent and escalating according to the latest unemployment statistics released by Statistics South Africa. Economic Growth has remained stagnant at less than 2percent.

According the 2018 National Budget and other sources, the Consumer Price Index (CPI) is projected to be within the upper limits of South African Reserve Bank CPI of 3 – 6 percent band in 2018/2019 financial year. The table below depicts the CPI and economic growth measured in real Gross Domestic Product (GDP) movement over the five (5) periods until 2022/2023 financial year;

#### 2.5.2 Collection rate for revenue services

The estimated payment level trends for the current financial year and the forecast for the next medium-term is as follows;

#### 2.5.3 Growth or decline in tax base of the Municipality

Despite the global economy weaknesses and projected to be likely to remain so for at least a few more year, the South African economic growth outlook in 2016 to 2022 is expected to be as follows;

#### 2.5.4 Salary increases

The employee's remuneration cost will amount to R193 million in 2018/2019 financial year in the absence of the collective agreement 7% percent for employees related cost and 5,3 percent for remuneration of councillors. The remuneration cost to the total operating expenditure budget is **33.9%** per cent. The employees remuneration cost will increase to R226 million in 2019/2020 financial year

#### 2.5.5 Growth or decline in tax base of the municipality

Despite the global economy weaknesses and projected to be likely to remain so for at least a few more year, the South African economic growth outlook in 2016 to 2022 is expected to be as follows;

Headline inflation forecast over the medium-term;

#### 2.5.6 Salary increases

The employee's remuneration cost will amount to R915 million in 2018/2019 financial year in the absence of the collective agreement 6,3 percent for employees related cost and 5,3 percent for remuneration of councillors. The remuneration cost to the total operating expenditure budget is 28 per cent. The employees remuneration cost will increase to R967 million in 2019/2020 financial year and the expenditure to the total operating budget will be 29 percent

### 2.5.7 Micro or internal environment perspective

Furthermore from macro environment perspective and the unfavourable economic conditions more of our people are unemployed which result in shrinking of the current revenue base, putting pressure on the current municipal revenue and cash flow over the medium-term over the slow economic growth trends reflect that a convergence of unfavourable global and domestic circumstances of which impact negatively on all spheres of government. The revenue base of the municipality is under pressure as no new revenues are derived at the moment due to the slow economic growth and local circumstances.

As a consequence of the distress economy, the municipality was advised by National Treasury to adopt a conservative approach when projecting the revenue and cash flow for the medium term due to unfavourable and unstable economic conditions and rising inflationary pressures, and the slow growth pace on global and national economy.

On the expenditure side - careful analysis and evaluation of the current spending patterns need to be conducted so that the allocation of funds in the next medium-term is in line with the key municipal priorities and non-priority spending is eliminated (austerity measures need to be implemented).

### 2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- (a) Creating jobs;
- ((b) Improving Service delivery;
- (c) Fighting crime and corruption.

## 2.6. Overview of budget funding

The anticipated increase in revenue from municipal tariffs and improving collection rate, estimated at 70 per cent for the first budget year, justifies the anticipated increase in own revenue. Additional revenue is anticipated from property rates because of the project Municipality is embarking to conduct prior year end 2018 June of transferring properties from Municipality to its rightful owner as per Audit finding of 2016/17 Year. Only gazetted grants and transfers from national government, totalling R 221 million, were factored into the funding envelope. This is to ensure that the budget is based on realistically anticipated revenue.

## 2.7. Expenditure on allocations and grant programmes

Specific purpose transfers received by the municipality are allocated to capital projects implemented by the municipality in accordance with grant conditions. The other grants, including LGES, FMG and EPWP are allocated to operational programmes, such as the provision of free basic services, and operating costs.

## 2.8. Allocations of grants made by the municipality

The municipality makes will transfers in the form of subsidy to its entity.

## 2.9. Councillors and board member allowances and employee benefits

Employees costs of councillors and officials are budgeted for at a global increase of 6,4 per cent as confirmed increment rates are not yet available. This is based on a weighting of headline inflation estimates

and indications from negotiations going on at the bargaining chamber. The actual increment is 7 per cent but on SA22 which includes budgeted vacant positions.

## 2.10 Monthly targets for revenue, expenditure and cash flow

The monthly targets on revenue, expenditure and cash flow it illustrate how much will be the monthly bill, monthly payments to creditors and also the cash that will be received by the municipality.

MP321 Thaba Chweu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Budget Year 2018/19														Medium Term Revenue and Expenditure Framework			
Description		Ref	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																	
Revenue By Source																	
Property rates			11 300	11 300	11 300	11 300	11 300	11 300	11 300	11 300	11 300	11 300	11 300	11 300	135 594	144 326	151 234
Service charges - electricity revenue			15 900	15 900	15 900	15 900	15 900	15 900	15 900	15 900	15 900	15 900	15 900	15 900	190 799	194 680	215 450
Service charges - water revenue			3 505	3 505	3 505	3 505	3 505	3 505	3 505	3 505	3 505	3 505	3 505	3 505	42 065	45 093	72 510
Service charges - sanitation revenue			1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	18 411	16 821	17 831
Service charges - refuse revenue			1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	18 411	19 737	21 237
Service charges - other			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Rental of facilities and equipment			143	143	143	143	143	143	143	143	143	143	143	143	1 718	1 804	1 912
Interest earned - external investments			392	392	392	392	392	392	392	392	392	392	392	392	4 706	5 073	5 468
Interest earned - outstanding debtors			1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	19 281	20 245	21 459
Dividends received			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Fines, penalties and forfeits			148	148	148	148	148	148	148	148	148	148	148	147	1 770	1 858	1 969
Licences and permits			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Agency services			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Transfers and subsidies			11 398	11 398	11 398	11 398	11 398	11 398	11 398	11 398	11 398	11 398	11 398	11 398	136 773	145 131	160 334
Other revenue			3 784	3 784	3 784	3 784	3 784	3 784	3 784	3 784	3 784	3 784	3 784	3 784	45 410	150 082	166 232
Gains on disposal of PPE			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Revenue (excluding capital transfers and contributions)			51 245	51 245	51 245	51 245	51 245	51 245	51 245	51 245	51 245	51 245	51 245	51 244	614 937	744 850	837 637
Expenditure By Type																	
Employee related costs			16 136	16 136	16 136	16 136	16 136	16 136	16 136	16 136	16 136	16 136	16 136	16 140	193 636	211 544	228 506
Remuneration of councillors			900	900	900	900	900	900	900	900	900	900	900	900	10 801	11 088	12 086
Debt impairment			292	292	292	292	292	292	292	292	292	292	292	292	3 500	4 000	4 500
Depreciation & asset impairment			3 101	3 101	3 101	3 101	3 101	3 101	3 101	3 101	3 101	3 101	3 101	3 100	37 211	39 243	40 994
Finance charges			850	850	850	850	850	850	850	850	850	850	850	850	10 200	11 920	12 400
Bulk purchases			14 354	14 354	14 354	14 354	14 354	14 354	14 354	14 354	14 354	14 354	14 354	14 349	172 243	185 809	195 846
Other materials			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Contracted services			6 534	6 534	6 534	6 534	6 534	6 534	6 534	6 534	6 534	6 534	6 534	6 534	78 409	82 493	78 161
Transfers and subsidies			1 186	1 186	1 186	1 186	1 186	1 186	1 186	1 186	1 186	1 186	1 186	1 186	14 232	16 108	17 052
Other expenditure			5 737	5 737	5 737	5 737	5 737	5 737	5 737	5 737	5 737	5 737	5 737	5 737	65 841	80 061	84 184
Loss on disposal of PPE			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Expenditure			49 090	49 090	49 090	49 090	49 090	49 090	49 090	49 090	49 090	49 090	49 090	46 085	586 073	642 266	673 730
Surplus/(Deficit)																	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			7 033	7 033	7 033	7 033	7 033	7 033	7 033	7 033	7 033	7 033	7 033	7 033	84 392	75 182	69 420
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational institutions)			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Transfers and subsidies - capital (in-kind - all)			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Surplus/(Deficit) after capital transfers & contributions			9 188	9 188	9 188	9 188	9 188	9 188	9 188	9 188	9 188	9 188	9 188	12 192	113 257	177 766	233 327
Taxation			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Attributable to minorities			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Share of surplus/ (deficit) of associates			--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Surplus/(Deficit)			1	9 188	9 188	9 188	9 188	9 188	9 188	9 188	9 188	9 188	9 188	12 192	113 257	177 766	233 327

## MP321 Thaba Chweu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>																
Vote 1 - Office of the Municipal Manager														29 172	30 066	30 973
Vote 2 - Office of the Chief Financial Officer		2 431	2 431	2 431	2 431	2 431	2 431	2 431	2 431	2 431	2 431	2 431	2 431	155 959	166 314	168 572
Vote 3 - Office of the Chief Financial Officer		12 997	12 997	12 997	12 997	12 997	12 997	12 997	12 997	12 997	12 997	12 997	12 997	—	—	—
Vote 4 - Office of the Chief Financial Officer		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 5 - Office of the Director Corporate Services		64	64	64	64	64	64	64	64	64	64	64	64	765	801	846
Vote 6 - Office of the Director Corporate Services		48	48	48	48	48	48	48	48	48	48	48	48	573	601	637
Vote 7 - Office of the Director Corporate Services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 8 - Office of the Director Community Services		816	816	816	816	816	816	816	816	816	816	816	816	9 788	827	877
Vote 9 - Office of the Director Community Services		1 568	1 568	1 568	1 568	1 568	1 568	1 568	1 568	1 568	1 568	1 568	1 568	18 819	20 164	21 688
Vote 10 - Technical & Engineering Services		27 219	27 219	27 219	27 219	27 219	27 219	27 219	27 219	27 219	27 219	27 219	27 219	326 624	331 731	375 162
Vote 11 - Director Local Economic Development & Planning		1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	23 073	127 077	150 081
Vote 12 - Executive Mayor or Office		11 213	11 213	11 213	11 213	11 213	11 213	11 213	11 213	11 213	11 213	11 213	11 212	134 557	142 451	157 221
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Revenue by Vote</b>		<b>58 278</b>	<b>58 278</b>	<b>58 278</b>	<b>58 278</b>	<b>58 278</b>	<b>58 278</b>	<b>58 278</b>	<b>58 278</b>	<b>58 278</b>	<b>58 278</b>	<b>58 278</b>	<b>58 272</b>	<b>699 329</b>	<b>820 032</b>	<b>907 057</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Office of the Municipal Manager		3 788	3 788	3 788	3 788	3 788	3 788	3 788	3 788	3 788	3 788	3 788	3 789	45 457	47 866	51 152
Vote 2 - Office of the Chief Financial Officer		5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 366	64 458	69 572	74 324
Vote 3 - Office of the Chief Financial Officer		5 794	5 794	5 794	5 794	5 794	5 794	5 794	5 794	5 794	5 794	5 794	5 794	69 526	86 188	93 149
Vote 4 - Office of the Chief Financial Officer		197	197	197	197	197	197	197	197	197	197	197	197	2 360	2 544	2 743
Vote 5 - Office of the Director Corporate Services		571	571	571	571	571	571	571	571	571	571	571	571	6 853	7 296	7 842
Vote 6 - Office of the Director Corporate Services		1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 305	15 689	16 093	17 447
Vote 7 - Office of the Director Corporate Services		681	681	681	681	681	681	681	681	681	681	681	681	8 169	8 339	8 521
Vote 8 - Office of the Director Community Services		3 286	3 286	3 286	3 286	3 286	3 286	3 286	3 286	3 286	3 286	3 286	3 286	38 428	41 175	43 794
Vote 9 - Office of the Director Community Services		3 213	3 213	3 213	3 213	3 213	3 213	3 213	3 213	3 213	3 213	3 213	3 212	38 553	38 028	39 639
Vote 10 - Technical & Engineering Services		19 544	19 544	19 544	19 544	19 544	19 544	19 544	19 544	19 544	19 544	19 544	19 538	234 522	269 584	272 074
Vote 11 - Director Local Economic Development & Planning		2 686	2 686	2 686	2 686	2 686	2 686	2 686	2 686	2 686	2 686	2 686	2 686	32 231	34 729	30 122
Vote 12 - Executive Mayor or Office		2 404	2 404	2 404	2 404	2 404	2 404	2 404	2 404	2 404	2 404	2 404	2 403	28 844	30 852	32 923
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Expenditure by Vote</b>		<b>48 840</b>	<b>48 840</b>	<b>48 840</b>	<b>48 840</b>	<b>48 840</b>	<b>48 840</b>	<b>48 840</b>	<b>48 840</b>	<b>48 840</b>	<b>48 840</b>	<b>48 840</b>	<b>48 829</b>	<b>596 073</b>	<b>642 266</b>	<b>673 730</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 443</b>	<b>113 256</b>	<b>177 766</b>	<b>233 327</b>
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 438</b>	<b>9 443</b>	<b>113 256</b>	<b>177 766</b>	<b>233 327</b>

MP321 Thaba Chweu - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>																
<i>Governance and administration</i>		26 752	26 752	26 752	26 752	26 752	26 752	26 752	26 752	26 752	26 752	26 752	26 752	321 026	340 233	359 250
Executive and council		11 213	11 213	11 213	11 213	11 213	11 213	11 213	11 213	11 213	11 213	11 213	11 213	134 558	144 382	157 222
Finance and administration		15 539	15 539	15 539	15 539	15 539	15 539	15 539	15 539	15 539	15 539	15 539	15 539	186 468	195 851	202 028
Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		850	850	850	850	850	850	850	850	850	850	850	850	10 196	1 254	1 328
Community and social services		58	58	58	58	58	58	58	58	58	58	58	58	696	457	501
Sport and recreation		750	750	750	750	750	750	750	750	750	750	750	750	9 000	—	—
Public safety		42	42	42	42	42	42	42	42	42	42	42	42	500	788	827
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		6 544	6 544	6 544	6 544	6 544	6 544	6 544	6 544	6 544	6 544	6 544	6 544	78 530	174 459	200 021
Planning and development		6 544	6 544	6 544	6 544	6 544	6 544	6 544	6 544	6 544	6 544	6 544	6 544	78 530	174 459	200 021
Road transport		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>		24 132	24 132	24 132	24 132	24 132	24 132	24 132	24 132	24 132	24 132	24 132	24 131	289 579	304 086	346 458
Energy sources		16 308	16 308	16 308	16 308	16 308	16 308	16 308	16 308	16 308	16 308	16 308	16 307	195 692	207 435	219 881
Water management		4 755	4 755	4 755	4 755	4 755	4 755	4 755	4 755	4 755	4 755	4 755	4 755	57 065	60 093	87 510
Waste water management		1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	18 411	18 821	17 831
Waste management		1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	18 411	19 737	21 237
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Revenue - Functional</b>		58 278	58 278	58 278	58 278	58 278	58 278	58 278	58 278	58 278	58 278	58 278	58 277	699 331	820 032	907 058
<b>Expenditure - Functional</b>																
<i>Governance and administration</i>		19 391	19 391	19 391	19 391	19 391	19 391	19 391	19 391	19 391	19 391	19 391	19 392	232 697	271 978	291 282
Executive and council		5 443	5 443	5 443	5 443	5 443	5 443	5 443	5 443	5 443	5 443	5 443	5 443	65 321	69 965	74 995
Finance and administration		13 113	13 113	13 113	13 113	13 113	13 113	13 113	13 113	13 113	13 113	13 113	13 114	157 375	191 061	204 837
Internal audit		835	835	835	835	835	835	835	835	835	835	835	835	10 019	10 952	11 450
<i>Community and public safety</i>		4 926	4 926	4 926	4 926	4 926	4 926	4 926	4 926	4 926	4 926	4 926	4 927	59 134	59 744	62 487
Community and social services		4 474	4 474	4 474	4 474	4 474	4 474	4 474	4 474	4 474	4 474	4 474	4 474	53 099	53 924	56 262
Sport and recreation		89	89	89	89	89	89	89	89	89	89	89	89	1 069	1 120	1 174
Public safety		365	365	365	365	365	365	365	365	365	365	365	364	4 375	4 700	5 051
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		4 120	4 120	4 120	4 120	4 120	4 120	4 120	4 120	4 120	4 120	4 120	4 120	49 435	53 050	49 625
Planning and development		3 170	3 170	3 170	3 170	3 170	3 170	3 170	3 170	3 170	3 170	3 170	3 169	38 035	40 962	36 818
Road transport		898	898	898	898	898	898	898	898	898	898	898	898	10 775	11 415	12 081
Environmental protection		52	52	52	52	52	52	52	52	52	52	52	52	625	674	726
<i>Trading services</i>		21 234	21 234	21 234	21 234	21 234	21 234	21 234	21 234	21 234	21 234	21 234	21 234	244 808	257 495	270 336
Energy sources		15 370	15 370	15 370	15 370	15 370	15 370	15 370	15 370	15 370	15 370	15 370	15 370	174 438	182 097	191 196
Water management		4 132	4 132	4 132	4 132	4 132	4 132	4 132	4 132	4 132	4 132	4 132	4 131	49 583	53 019	56 202
Waste water management		384	384	384	384	384	384	384	384	384	384	384	384	4 604	5 794	5 088
Waste management		1 349	1 349	1 349	1 349	1 349	1 349	1 349	1 349	1 349	1 349	1 349	1 349	16 184	16 585	17 850
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Expenditure - Functional</b>		49 673	49 673	49 673	49 673	49 673	49 673	49 673	49 673	49 673	49 673	49 673	49 674	586 074	642 266	673 730
<b>Surplus/(Deficit) before assoc.</b>		8 605	8 605	8 605	8 605	8 605	8 605	8 605	8 605	8 605	8 605	8 605	8 604	113 257	177 766	233 328
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit)</b>	1	8 605	8 605	8 605	8 605	8 605	8 605	8 605	8 605	8 605	8 605	8 605	18 604	113 257	177 766	233 328

## 2.10. Contracts having future budgetary implications

In terms of the Municipality Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department

## 2.11. Capital Expenditure details

The following three tables present details of the municipality capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

MP321 Thaba Chweu - Supporting Table SA34a Capital expenditure on new assets by asset class

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>											
<b>Infrastructure</b>			-	22 712	24 847	57 508	64 107	64 107	20 953	23 145	23 409
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Roads											
Road Structures											
Road Furniture											
Capital Spares											
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Drainage Collection											
Storm water Conveyance											
Attenuation											
Electrical Infrastructure			-	3 716	1 599	32 443	32 443	32 443	4 935	-	-
Power Plants							-	-			
HV Substations							-	-	1 200		
MV Networks						13 443	13 443	13 443	3 736		
LV Networks				3 716	1 599	19 000	19 000	19 000			
Capital Spares							-	-			
Water Supply Infrastructure			-	18 996	18 597	25 065	25 065	25 065	7 000	15 000	15 000
Dams and Weirs							-	-			
Boreholes							-	-	1 000		
Reservoirs				18 996	18 597	25 065	25 065	25 065	6 000	15 000	15 000
Sanitation Infrastructure			-	-	-	-	-	-	4 260	3 658	4 024
Pump Station											
Reticulation									-		
Waste Water Treatment Works									4 260	3 658	4 024
Solid Waste Infrastructure			-	-	4 651	-	6 599	6 599	4 759	4 487	4 386
Landfill Sites							6 599	6 599	4 759	4 487	4 386
Capital Spares					4 651						
<b>Community Assets</b>			-	-	6 536	-	-	-	17 226	10 468	11 415
Community Facilities			-	-	6 536	-	-	-	6 950	1 000	1 000
Halls									3 000		
Cemeteries/Crematoria					6 536				1 950	-	-
Taxi Ranks/Bus Terminals									2 000	1 000	1 000
Capital Spares											
Sport and Recreation Facilities			-	-	-	-	-	-	10 276	9 468	10 415
Indoor Facilities									-	-	-
Outdoor Facilities									10 276	9 468	10 415
Capital Spares											
<b>Heritage assets</b>			-	197	-	-	-	-	-	-	-
Other Heritage				197							
<b>Other assets</b>			-	672	-	-	-	-	-	-	-
Operational Buildings			-	672	-	-	-	-	-	-	-
Municipal Offices				672							
<b>Computer Equipment</b>			-	-	-	-	-	-	200	220	240
Computer Equipment									200	220	240
<b>Furniture and Office Equipment</b>			-	59	-	-	-	-	779	848	589
Furniture and Office Equipment				59					779	848	589
<b>Machinery and Equipment</b>			-	331	-	-	-	-	1 224	1 224	224
Machinery and Equipment				331					1 224	1 224	224
<b>Transport Assets</b>			-	597	-	-	-	-	4 450	9 750	12 650
Transport Assets				597					4 450	9 750	12 650
<b>Total Capital Expenditure on new assets</b>		1	-	24 568	31 383	57 508	64 107	64 107	44 832	45 655	48 527



MP321 Thaba Chweu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>											
Infrastructure			10 180	21 670	20 780	23 508	23 508	23 508	13 203	17 880	15 920
Roads Infrastructure			2 750	2 415	4 375	16 889	16 889	16 889	–	–	–
Roads			2 750	2 415	4 375	16 889	16 889	16 889			
Attenuation							–	–			
Electrical Infrastructure			1 315	14 742	9 412	–	–	–	11 203	15 380	13 420
Power Plants											
HV Substations											
HV Switching Station											
HV Transmission Conductors			1 315	14 281	8 273				9 543	13 380	12 420
MV Substations				461	1 139				1 660	2 000	1 000
MV Switching Stations											
MV Networks											
LV Networks											
Capital Spares											
Water Supply Infrastructure			6 115	4 514	6 265	4 955	4 955	4 955	2 000	2 500	2 500
Dams and Weirs											
Boreholes							–	–	2 000	2 500	2 500
Reservoirs			6 115	4 514	6 265	4 955	4 955	4 955			
Sanitation Infrastructure			–	–	728	1 453	1 453	1 453	–	–	–
Pump Station											
Reticulation					728	1 453	1 453	1 453			
Solid Waste Infrastructure			–	–	–	212	212	212	–	–	–
Landfill Sites						212	212	212			
Community Assets			–	–	–	522	522	522	1 400	1 700	1 400
Community Facilities			–	–	–	522	522	522	1 400	1 700	1 400
Halls						63	63	63	1 400	1 700	1 400
Galleries						459	459	459			
Other assets			–	6 780	1 317	551	551	551	1 000	1 000	1 000
Operational Buildings			–	6 780	1 317	551	551	551	1 000	1 000	1 000
Municipal Offices				3 699	1 180				1 000	1 000	1 000
Capital Spares				3 081	138	551	551	551			
<u>Furniture and Office Equipment</u>			–	538	24	90	90	90	–	–	–
Furniture and Office Equipment				538	24	90	90	90			
<u>Machinery and Equipment</u>			–	245	764	–	–	–	230	263	1 010
Machinery and Equipment				245	764				230	263	1 010
<u>Transport Assets</u>			7 551	2 238	2 156	2 755	2 755	2 755	800	880	968
Transport Assets			7 551	2 238	2 156	2 755	2 755	2 755	800	880	968
Total Repairs and Maintenance Expenditure	1		17 731	31 471	25 041	27 427	27 427	27 427	16 633	21 723	20 298
R&M as a % of PPE			0.8%	1.4%	1.1%	1.2%	1.2%	1.2%	0.8%	0.9%	0.8%
R&M as % Operating Expenditure			2.7%	4.5%	3.6%	4.1%	4.8%	4.8%	2.9%	3.7%	3.2%

**MP321 Thaba Chweu - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description R thousand	Ref	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
<b>Capital expenditure</b>	1							
Vote 1 - Office of the Municipal Manager		-	-	-				
Vote 2 - Office of the Chief Financial Officer		-	-	-				
Vote 3 - Office of the Chief Financial Officer		4 429	9 513	13 457				
Vote 4 - Office of the Chief Financial Officer		-	-	-				
Vote 5 - Office of the Director Corporate Services		-	-	-				
Vote 6 - Office of the Director Corporate Services		-	-	-				
Vote 7 - Office of the Director Corporate Services		-	-	-				
Vote 8 - Office of the Director Community Services		21 500	11 692	10 639				
Vote 9 - Office of the Director Community Services		11 709	5 487	5 386				
Vote 10 - Technical & Engineering Services		74 516	56 858	47 200				
Vote 11 - Director Local Economic Development & Planning		-	-	-				
Vote 12 - Executive Mayor Office		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		112 153	83 550	76 681	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Office of the Municipal Manager								
Vote 2 - Office of the Chief Financial Officer								
Vote 3 - Office of the Chief Financial Officer								
Vote 4 - Office of the Chief Financial Officer								
Vote 5 - Office of the Director Corporate Services								
Vote 6 - Office of the Director Corporate Services								
Vote 7 - Office of the Director Corporate Services								
Vote 8 - Office of the Director Community Services								
Vote 9 - Office of the Director Community Services								
Vote 10 - Technical & Engineering Services								
Vote 11 - Director Local Economic Development & Planning								
Vote 12 - Executive Mayor Office								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								

## **2.12. OTHER SUPPORTING DOCUMENTATION**

Supporting details to budget are contained in supporting tables SA1 to SA38. **(To be published on the website separately)**

The tariffs structure for 2018/2019 financial year is attached **(To be published on the website separately)**